

FINDINGS
of the
SAN PERLITA INDEPENDENT SCHOOL DISTRICT BOARD OF TRUSTEES
under the
TEXAS ECONOMIC DEVELOPMENT ACT

STATE OF TEXAS

COUNTY OF WILLACY

On the 15th day of December, 2009, a public meeting of the Board of Trustees ("Board") of the San Perlita Independent School District ("District") was held. The meeting was duly posted in accordance with the provisions of the Texas Open Meetings Act, Chapter 551, Texas Government Code. At the meeting, the Board of Trustees took up and considered the Application ("Application") of EC&R Development, LLC ("Applicant") for a limitation on appraised value on qualified property, pursuant to Chapter 313 of the Texas Tax Code. The Board heard presentations from the District's administrative staff and from consultants retained by the District to advise the Board in this matter.

The Board of Trustees considered the presentations made at the meeting, the Comptroller's recommendation and the economic impact evaluation and makes the following findings with respect to the Application in accordance with the Texas Economic Development Act, Texas Tax Code Chapter 313, and the Administrative regulations promulgated by the Texas Comptroller of Public Accounts published at 34 Texas Administrative Code Part 1, Chapter 9, Subchapter F:

1. On July 15, 2009, the District received an application for appraised value limitation on qualified property ("Application") on the form prescribed by the Comptroller from Applicant pursuant to Chapter 313 of the Texas Tax Code. A copy of the Application is attached hereto as Attachment A.
2. The Board of Trustees acknowledged receipt of the Application, along with the requisite application fee, as established pursuant to Texas Tax Code Section 313.025(a)(1).
3. The Board of Trustees elected to consider the Application.
4. The Application was delivered to the Texas Comptroller's Office for review pursuant to Texas Tax Code Section 313.025(b).
5. The Application was reviewed by the Texas Comptroller's Office pursuant to Texas Tax Code Sections 313.025 and 313.026. After review, the Comptroller's Office, by letter dated

December 14, 2009, recommended that this Board approve the Application. A copy of the Comptroller's letter is attached to these findings as Attachment B.

6. The Texas Comptroller's Office performed an economic impact evaluation pursuant to Texas Tax Code Section 313.025(b). The Board has considered such evaluation. A copy of the economic impact evaluation is attached to these findings as Attachment C.

7. After receipt of the Application, the District entered into negotiations with Applicant over the specific language to be included in a Texas Economic Development Act Participation Agreement ("Agreement"), pursuant to Chapter 313 of the Texas Tax Code, including appropriate revenue protection provisions for the District (the Agreement is also referred to as an "Agreement for Limitation on Appraised Value of Property for School District Maintenance and Operations Taxes"). The proposed Agreement is attached to these findings as Attachment D.

8. Findings as to each of the criterion listed in Texas Tax Code Section 313.026:

a. The recommendations of the Comptroller. Texas Tax Code Section 313.026(a)(1)

The Board finds that the Comptroller recommends approval of the Application.

b. The relationship between the Applicant's industry and the types of qualifying jobs to be created by the Applicant and the long-term economic growth plans of this State as described in the strategic plan for economic development submitted by the Texas Strategic Economic Development Planning Commission under Section 481.033, Texas Government Code, as that section existed before February 1, 1999. Texas Tax Code Section 313.026(a)(5).

The Board finds that there is a strong and positive relationship between the Applicant's industry and the types of qualifying jobs to be created by the Applicant and the long-term economic growth plans of the State.

c. The relative level of the Applicant's investment per qualifying job to be created by the Applicant. Texas Tax Code Section 313.026(a)(6).

The Board finds that the Application indicates: (i) the Applicant will provide a total of eight (8) qualifying jobs for the entire wind farm project, as defined in Texas Tax Code Section 313.021(3), and that six (6) of those eight (8) qualifying jobs will be within the District (ii) the anticipated total amount of investment is \$105,800,000, and (iii) the investment per qualifying job is \$17,633,333, and, it is acknowledged that the investment figure may increase or decrease depending on the number of wind turbines Applicant locates in the District and the appraised values set by the County Appraisal District.

d. The number of qualifying jobs to be created by the Applicant.

The Board finds that the Application indicates the Applicant will provide a total of eight (8) qualifying jobs for the entire wind farm project and that six (6) of those eight (8) qualifying jobs will be within the District.

e. The wages, salaries, and benefits to be offered by the Applicant to the qualifying job holders. Texas Tax Code Section 313.026(a)(8).

The Board finds that the Application indicates: (i) the qualified jobs provided by the Applicant will pay an average wage of \$774.40 weekly (\$40,268.80 annually) and (ii) the qualifying jobholders will be offered benefits comparable with similar positions in the wind energy industry including health care insurance, retirement savings, paid vacation and job-related training and professional development programs. The Board further finds that the average wage of \$40,268.80 annually exceeds the regional manufacturing wage for the Lower Rio Grande Valley Development Council area of \$26,333 in 2007.

f. The ability of the Applicant to locate or relocate in another state or another region of this state. Texas Tax Code Section 313.026(a)(9).

The Board finds that the Applicant is actively involved in the development of wind energy facilities throughout the United States and has the ability to easily relocate this project to an alternate location either inside or outside the State of Texas.

g. The impact the Project will have on this state and individual local units of governmental, including: (A) tax and other revenue gains, direct or indirect, that would be realized during the qualifying time period, the limitation period, and a period of time after the limitation period considered appropriate by the Comptroller; and (B) economic effects of the Project, including the impact on jobs and income during the qualifying time period, the limitation period, and a period of time after the limitation period considered appropriate by the Comptroller. Texas Tax Code Section 313.026(a)(10).

The Board finds that the Project will result in revenue gains by the school district. The Board further finds that the economic effects on the local and regional tax base are that the tax base will increase as a result of the Project and additional employment.

h. The economic condition of the region of the state at the time the person's application is being considered. Texas Tax Code Section 313.026(a)(11).

The Board finds that the Applicant's renewable energy generation facility ("Project") will improve the economic condition of the County and the region.

i. The number of new facilities built or expanded in the region during the two years preceding the date of the Application that were eligible to apply for a limitation on appraised value under this subchapter B, chapter 313, Texas Tax Code. Texas Tax Code Section 313.026(a)(12).

The Board finds that no new facilities were built or expanded in the region during the two years preceding the date of the Application that may have been eligible to apply for a limitation on appraised value under subchapter B, chapter 313, Texas Tax Code.

j. The effect of the Applicant's proposal, if approved, on the number or size of the school district's instructional facilities, as defined by Section 46.001, Texas Education Code. Texas Tax Code Section 313.026(a)(13).

The Board finds that there exists a small but undetermined possibility that the Project could have an impact on enrollment from families that might temporarily relocate during the construction phase, but that any impact during the operation phase can be absorbed by current facilities.

k. The projected market value of the qualified property of the Applicant as determined by the Comptroller.

The Board finds that the projected market value of the qualified property of the Applicant as determined by the Comptroller is \$105,800,000.

l. The proposed limitation on appraised value for the qualified property of the Applicant.

The Board finds that the proposed limitation on appraised value for the qualified property of the Applicant is \$10,000,000.

m. The projected dollar amount of the taxes that would be imposed on the qualified property, for each year of the agreement, if the property does not receive a limitation on appraised value with assumptions of the projected appreciation or depreciation of the investment and projected tax rates clearly stated.

The Board finds that the projected dollar amount of the taxes that would be imposed on the qualified property, for each year of the agreement, if the property does not receive a limitation on appraised value is shown on Attachment E, based on the assumption that (i) the investment will depreciate at the rate of four percent (4%) per year and (ii) the projected maintenance and operations tax rate of the District will be \$1.04 per one hundred dollars valuation in each year of the agreement.

n. The projected dollar amount of the taxes that would be imposed on the qualified property, for each tax year of the agreement, if the property receives a limitation on appraised value with assumptions of the projected appreciation or depreciation of the investment clearly stated.

The Board finds that the projected dollar amount of the taxes that would be imposed on the qualified property, for each tax year of the agreement, if the property receives a limitation on appraised value is shown on Attachment E, based on the assumption that (i) the investment will depreciate at the rate of four percent (4%) per year and (ii) the projected maintenance and operations tax rate of the District will be \$1.04 per one hundred dollars valuation in each year of the agreement.

o. The projected effect on the Foundation School Program of payments to the District for each year of the agreement.

The Board finds that the projected effect on the Foundation School Program of payments to the District for each year of the agreement is shown on Attachment E.

p. The projected future tax credits if the Applicant also applies for school tax credits under Section 313.103.

The Board finds that the future tax credits is zero based on Applicants representation that no investment will be subject to tax in years one and two of the Agreement.

q. The total amount of taxes projected to be lost or gained by the District over the life of the agreement computed by subtracting the projected taxes stated in section 8.n from the projected taxes stated in section 8.m.

The Board finds that the total amount of taxes projected to be lost or gained by the District over the life of the agreement computed by subtracting the projected taxes stated in section 8.n from the projected taxes stated in section 8.m are shown on Attachment E.

9. The Board finds that the job creation requirement of ten (10) new jobs exceeds the industry standard for the number of employees reasonably necessary for the operation of the Project described in the Application, and, that it is reasonable to waive the job creation requirement as requested by Applicant. Texas Tax Code Section 313.025(f-1).

10. The information in the Application submitted by Applicant is true and correct.

11. The Applicant is eligible for the limitation on the appraised value of the Applicant's qualified property.

12. The proposed Texas Economic Development Act Participation Agreement by and among San Perlita Independent School District and Applicant ("Agreement"), attached hereto as Attachment D, includes adequate and appropriate revenue protection provisions for the District.

13. Considering the purpose and effect of the law and the terms of the Agreement, granting the Application and entering the Agreement are in the best interest of the District and the State.

14. The Board waives the new job creation requirement in Tax Code Section 313.051(b).

15. The Applicant, EC&R Development, LLC (Tex. Taxpayer ID 32037132720) is an entity subject to Chapter 171, Texas Tax Code and is certified to be in good standing with the Texas Comptroller of Public Accounts.

16. It is hereby found, determined and declared that sufficient written notice of the date, time, place and subject of the meeting of the Board of Trustees of the District at which these Findings were made was posted at a place convenient and readily accessible at all times to the general public for the time required by law preceding this meeting, as required by chapter 551, Texas Government Code, and that this meeting has been open to the public as required by law at all times during which these Findings were made and the subject matter thereof has been discussed,

considered and formally acted upon. The Board of Trustees further ratifies, approves and confirms such written notice and posting thereof.

It is therefore **ORDERED** that:

1. The Application of EC&R Development, LLC for a limitation on the appraised value for school district maintenance and operations ad valorem tax purposes of qualified property is approved.
2. The Agreement attached hereto as Attachment D is approved and is hereby authorized to be executed and delivered by and on behalf of the District.
3. These findings and the Attachments referred to herein be attached to the Official Minutes of this meeting, and maintained in the permanent records of the Board of Trustees of the District.

Dated the 15th day of December 2009.

SAN PERLITA INDEPENDENT SCHOOL DISTRICT

By: Melissa Guadiana
Melissa Guadiana, President, Board of Trustees

ATTEST:

By: Maggie Sepulveda
Maggie Sepulveda, Secretary, Board of Trustees

ATTACHMENT A
APPLICATION

APPLICATION FOR APPRAISED VALUE LIMITATION ON QUALIFIED PROPERTY (Tax Code, Chapter 313, Subchapter B or C)

School district name San Perlita I.S.D.		Date application filed with district <i>(To be filed in by school district)</i> <div style="font-size: 1.5em; margin-top: 10px;">7/15/09</div>				
Address 22987 Trojan Drive, San Perlita, TX 78590		Phone (area code and number) (956) 248-5563				
<p>This form applies to property that meets the requirements of Tax Code Chapter 313. This completed application must be filed with the school district. If the governing body decides to consider this application, the school district must immediately forward three copies of the application to the Comptroller of Public Accounts and request that the Comptroller provide an economic impact evaluation of the application to the school district. The governing body may, at its discretion, allow the applicant to supplement or amend the application after the filing date, subject to the restrictions in Texas Administrative Code Rule 9.1054, to provide information required by the application form that was unavailable prior to the filing date. The school district must forward the supplemental or amended information to the comptroller and the appraisal district. The school board shall approve or disapprove this application before the 121st day from the application filing date, unless an extension is granted.</p>						
Step 1: Applicant name and address	<p>Only entities to which Tax Code Chapter 171 applies are eligible for appraised value limitations on qualified property.</p> <p>Applicant name: EC&R Development, LLC</p> <p>Mailing address: 812 San Antonio Street, Ste. 201, Austin, TX 78701</p> <table border="1" style="width: 100%; border-collapse: collapse; margin-top: 5px;"> <tr> <td style="width: 50%; padding: 2px;"> Texas Taxpayer I.D. Number of entity subject to Tax Code, Chapter 171 (11 digits): 32039451532 </td> <td style="width: 25%; padding: 2px;"> City, State: Austin, TX </td> <td style="width: 25%; padding: 2px;"> ZIP code + 4: 78701-2224 </td> </tr> </table> <p>Name of person preparing this application: Stacy Edwards Martyak</p> <p>Title: Development Manager</p> <p>Phone (area code and number): (512) 482-4580</p>			Texas Taxpayer I.D. Number of entity subject to Tax Code, Chapter 171 (11 digits): 32039451532	City, State: Austin, TX	ZIP code + 4: 78701-2224
Texas Taxpayer I.D. Number of entity subject to Tax Code, Chapter 171 (11 digits): 32039451532	City, State: Austin, TX	ZIP code + 4: 78701-2224				
Step 2: Describe the property.	<p>(A) Attach the following items to this application:</p> <ol style="list-style-type: none"> 1. A specific description of all property for which you are requesting an appraised value limitation as defined by Tax Code §313.021(2). Include a description of the land, describe each proposed improvement, and each proposed item of personal property for which you are seeking a limitation. Include each existing appraisal district account number and the legal description of the land, attach a detailed map showing the actual or proposed location of the land and proposed improvements and showing the actual or proposed boundaries and size of the reinvestment zone or enterprise zone in which the property will be located. Attach the order, resolution or ordinance establishing the zone, and the guidelines and criteria for creating the zone (if applicable). 2. A fully detailed description of the scope of the proposed project, including, at a minimum, the type and planned use of real and tangible personal property, the nature of the business, a timeline for property construction or installation, and any other relevant information. 3. A map of the reinvestment zone boundaries, certified to be accurate by either the governmental entity creating the zone, the local appraisal district, or a licensed surveyor. <p>(B) Answer the following questions:</p> <ol style="list-style-type: none"> 1. What is the first tax year of your proposed qualifying time period (as defined by Tax Code §313.021(4))? <u>2010</u> 2. What is the amount of qualified investment, as defined by Tax Code §313.021(1), that will be made during the 2-year qualifying time period? <u>\$ 105,800,000</u> 3. What is the amount of appraised value limitation for which you are applying? . <u>\$ 10,000,000</u> <p>NOTE: The minimum amount of qualified investment required to qualify for an appraised value limitation and the minimum amount of appraised value limitation vary depending on whether the school district is classified as rural, and the school district's property value. For assistance in determining these minimums, access the comptroller's Web site at http://www.window.state.tx.us/taxinfo/proptax/hb1200/values.html.</p>					

Step 3:

Answer these questions about property and job qualifications.

1. Do you propose to construct a new building or to erect or affix a new improvement after the date you submit this application? ☒ Yes ☐ No
2. Will all of the property for which you are requesting an appraised value limitation be free of a tax abatement agreement entered into by a school district for the duration of the qualifying time period, and for the duration of the appraised value limitation? ☒ Yes ☐ No
3. Is the land on which you propose new construction or improvement currently located in an area designated as a reinvestment zone under Tax Code Chapter 311 or 312 or as an enterprise zone under Government Code Chapter 2303? ☒ Yes ☐ No
 - 3(a) If you answered "no" to the question above, are you seeking an agreement with a taxing unit that, prior to the first day of the qualifying time period, will result in a reinvestment zone with boundaries encompassing the land on which you propose new construction or improvement? ☐ Yes ☐ No
Date of anticipated agreement? _____
4. Do you intend to make at least the minimum qualified investment required by Tax Code §313.023 (or 313.053 for rural school districts) for the relevant school district category? ☒ Yes ☐ No
5. On the land and in connection with the new building or other improvement, do you plan to create at least 25 new jobs (at least 10 new jobs for rural school districts)? ☐ Yes ☒ No
6. Will at least 80 percent of all the new jobs created by the property owner be qualifying jobs as defined by Tax Code §313.021(3)? ☒ Yes ☐ No
 - 6(a) If you answered "yes" to the question above, attach documentation from the Texas Workforce Commission that the new qualifying jobs meet the requirements of Tax Code §313.021(3)(E) or 313.051(b).
7. Do you intend to request that the governing body waive the minimum jobs creation requirement, as provided under Tax Code §313.025(f-1)? ☒ Yes ☐ No
 - 7(a) If you answered "yes" to the question above, attach evidence documenting that the job creation requirement (5) above exceeds the number of employees necessary for the operation, according to industry standards.
8. Except for new equipment described in Tax Code §151.318(q) or (q-1), is the proposed tangible personal property to be placed in service for the first time
 - a) in or on the new building or other new improvement for which you are applying for an appraised value limitation, or
 - b) if not in or on the new building or other new improvement for which you are applying for an appraised value limitation, is the personal property necessary and ancillary to the business conducted in the new building or other new improvement, and is the personal property on the same parcel of land as the building for which you are applying for an appraised value limitation? ☒ Yes ☐ No ☐ N/A
["First placed in service" means the first use of the property by the taxpayer.]
9. The property will be used as an integral part, or as a necessary auxiliary part, in one of the following activities as defined by Tax Code §313.024(b):

• manufacturing;	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
• research and development	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
• a clean coal project;	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
• an advanced clean energy project	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
• renewable energy electric generation;	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
• electric power generation using integrated gasification combined cycle technology; or	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
• nuclear electric power generation	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
10. Are you an entity to which Tax Code, Chapter 171 applies? ☒ Yes ☐ No

Step 4: Answer these questions about investment, property value and employment.	<ol style="list-style-type: none"> Will the investment in real or personal property you propose to be counted toward the minimum qualified investment required by Tax Code §313.023, (or 313.053 for rural school districts) be first placed in service in this state during the applicable qualifying time period? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Does the investment in tangible personal property meet the requirements of Tax Code §313.021(1)? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A If the proposed investment includes a building or a permanent, non-removable component of a building, does it house tangible personal property described above? <input type="checkbox"/> Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> N/A Will you own the property or lease the property under a capitalized lease? If leased, attach a copy of the lease agreement. <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Are you including property that is owned by a person other than the applicant and that is pooled or proposed to be pooled with property owned by the applicant in determining the amount of your qualified investment? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Step 5: Economic Impact	<p>Please answer the following questions.</p> <ol style="list-style-type: none"> Applicant's 6-digit North American Industry Classification System (NAICS) code: <u>221,119</u> Is Schedule A completed for all years and attached? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Is Schedule B completed for all years and attached? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Is Schedule C completed for all years and attached? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Total number of new jobs that will have been created when fully operational: <u>6</u> Total number of new jobs identified in (5) above that will have wages greater than 110 percent of the county average weekly wage for manufacturing jobs*: <u>6</u> Total number of new jobs identified in (5) above that will meet all the criteria for "qualifying jobs" as specified in Tax Code §313.021(3): <u>6</u> Describe each type of benefits to be offered to qualifying jobholders. Explain. <u>Employees will have full benefits including health insurance, competitive salaries, and training.</u> <p><u>NOTE: Exhibit C-1 explains E.ON's request for a waiver of the minimum job requirement.</u></p> <p><u>Exhibit C-2 addresses the county average weekly wage for manufacturing jobs.</u></p> <ol style="list-style-type: none"> 8(a) Will the jobs created offer at least 80 percent of the premiums or other charges assessed for employee-only coverage under the group health benefit plan for qualifying jobholders? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Describe the ability of your company to locate or relocate in another state or another region of the state. <u>E.ON Climate & Renewables is an international developer of wind projects and has operations in several regions and states within the U.S. We have the ability to locate projects of this type in the Southwest, Northwest, and Northeast, as well as Canada and several European sites.</u> Describe the current economic condition of the region of the state where the property is located. <u>The project is expected to add more than \$105 million in investment to the local tax base and create jobs in the area. The project should improve economic conditions locally and within the region. The region is rural, with an emphasis on agriculture. Some oil and gas production exists.</u> <p><small>*Applicants to rural school districts that are not located in an SIA [see §313.051(a)(2)] must meet the regional wage standard described in 313.051(b).</small></p>

Step 6:**Applicant
sign and date
application.**

By signing this application, you certify that this information is true and correct to the best of your knowledge and belief. Also by signing this application, you agree to respond promptly to all information requests made by the comptroller under Tax Code §313.032 and to send updated contact information to the comptroller throughout the agreement period.

**print
here** ➡

Patrick Woodson

Name of authorized company officer

Sr. Vice President

Title

**sign
here** ➡

Signature of authorized company officer

July 14, 2009

Date

On behalf of EC&R Development, LLC

Name of corporation/company

If you make a false statement on this application, you could be found guilty of a Class A misdemeanor or a state jail felony under Texas Penal Code §37.10.

Step 7:**School district
official sign
and date
application.**

By signing below, I affirm that I have been delegated the authority by the school district governing body to act on its behalf with regard to this application for a limitation on appraised value.

**print
here** ➡

Albert Peña

Name of authorized school district official

Supt.

Title

**sign
here** ➡

Signature of authorized school district official

7/15/09

Date

On behalf of San Perlita I.S.D.

Name of school district

SCHEDULE A-3676 (Temporary - July 2009): INVESTMENT & TAXES (in millions)

San Perlita I.S.D.

PROPERTY INVESTMENT AMOUNTS (\$)									TAX INFORMATION		
(Estimated investment in each year. Do not put cumulative totals.)									Sales Taxable Expenditures		Franchise Tax
		Year	Tax Year (fill in actual tax year below)	Column A: Tangible Personal Property: the amount of new investment (original cost) placed in service during this year	Column B: Building or permanent nonremovable component of building (annual amount only)	Column C: Sum of A and B—Qualifying Investment (during the qualifying time period)	Column D: Other investment that is not qualified investment but investment affecting economic impact and total value	Column E: Total Investment (A+B+D)	Column F: Estimate of total annual expenditures* subject to state sales tax	Column G: Estimate of total annual expenditures* made in Texas NOT subject to sales tax	Column H: Estimate of Franchise tax due from (or attributable to) the applicant
The year preceding the first complete tax year of the qualifying time period (assuming no deferrals)	Investment made before filing application with district (neither qualified property nor eligible to become qualified investment)		2009	\$0.00	\$0.00		\$0.00	\$0.00			
	Investment made after filing application with district, but before application approval (eligible to become qualified property)			\$0.00	\$0.00		\$0.00	\$0.00			
	Investment made after application approval and before Jan. 1 of first complete tax year of qualifying time period (qualified investment and eligible to become qualified property)			\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
	Complete tax years of qualifying time period	1	2010	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
		2	2011	\$0.00	\$105.80	\$105.80	\$0.00	\$105.80	\$0.00	\$0.00	\$0.00
Tax Credit Period (with 50% cap on credit)	Value Limitation Period	3	2012	\$0.00	\$0.00		\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
		4	2013	\$0.00	\$0.00		\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
		5	2014	\$0.00	\$0.00		\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
		6	2015	\$0.00	\$0.00		\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
		7	2016	\$0.00	\$0.00		\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
		8	2017	\$0.00	\$0.00		\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
		9	2018	\$0.00	\$0.00		\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
		10	2019	\$0.00	\$0.00		\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Credit Settle-Up Period	Continue to Maintain Viable Presence	11	2020	\$0.00	\$0.00		\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
		12	2021	\$0.00	\$0.00		\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
		13	2022	\$0.00	\$0.00		\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Post- Settle-Up Period		14	2023	\$0.00	\$0.00		\$0.00	\$0.00	\$0.00	\$0.00	
Post- Settle-Up Period		15	2024	\$0.00	\$0.00		\$0.00	\$0.00	\$0.00	\$0.00	

Qualifying Time Period usually begins with the approval of the application and extends generally for the following two complete tax years.

Column A: This represents the total dollar amount of planned investment in tangible personal property the applicant considers qualified investment- as defined in Tax Code §313.021(1)(A)-(D). For the purposes of investment, please list amount invested each year, not cumulative totals. [For the years outside the qualifying time period, this number should simply represent the planned investment in tangible personal property]. Include estimates of investment for "replacement" property-property that is part of original agreement but scheduled for probable replacement during limitation period.

Column B: The total dollar amount of planned investment each year in buildings or nonremovable component of buildings that the applicant considers qualified investment under Tax Code §313.021(1)(E). For the years outside the qualifying time period, this number should simply represent the planned investment in new buildings or nonremovable components of buildings.

Column D: Dollar value of other investment that may not be qualified investment but that may affect economic impact and total value. The most significant example for many projects would be land. Other examples may be items such as professional services, etc. Note: Land can be listed as part of investment during the "pre-year 1" time period. It cannot be part of qualifying investment.

* For planning, construction and operation of the facility.

Note: Information related to taxes in Columns F through H, for the year preceding the first complete year of the qualifying time period, need not be broken out by the time periods used for the requested investment information in Columns A through E.
Note: For advanced clean energy projects, nuclear projects, projects with deferred qualifying time periods, and projects with lengthy application review periods, insert additional rows as needed.

The information on this schedule is required pursuant to the provisions of HB 3576, 81st Legislature, effective June 19, 2009. Additionally, the Comptroller is authorized by 34 TAC § 9.1057(b) to request information from the school district or applicant that is reasonably necessary to complete the recommendation or economic impact evaluation at any time during the application review period.

SCHEDULE B-3676 (Temporary - July 2009): ESTIMATED MARKET AND TAXABLE VALUE (in millions)
San Perlita I.S.D.

All figures here are to be cumulative										
				Qualified Property			Reductions from market value (exemptions, etc)		Estimated Taxable Value	
		Year	Tax Year (fill in actual tax year)	Column A: Estimated Market Value of Land	Column B: Estimated Total Market Value of new buildings or other new improvements	Column C: Estimated Total Market Value of tangible personal property in the new building or "in or on the new improvement"	D: Due to pollution control property (estimated or actual as appropriate)	E: Due to other exemptions	F: Estimated total taxable value for I&S: (A+B+C)-(D+E)	G: Estimated total taxable value for M&O: (Column F amount with the limitation value in years 3-10)
		pre- year 1	2009	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
	Complete tax years of qualifying time period	1	2010	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
		2	2011	\$0.00	\$105.80	\$0.00	\$0.00	\$0.00	\$105.80	\$105.80
		3	2012	\$0.00	\$101.56	\$0.00	\$0.00	\$0.00	\$101.56	\$10.00
Tax Credit Period (with 50% cap on credit)	Value Limitation Period	4	2013	\$0.00	\$97.50	\$0.00	\$0.00	\$0.00	\$97.50	\$10.00
		5	2014	\$0.00	\$93.60	\$0.00	\$0.00	\$0.00	\$93.60	\$10.00
		6	2015	\$0.00	\$89.86	\$0.00	\$0.00	\$0.00	\$89.86	\$10.00
		7	2016	\$0.00	\$86.26	\$0.00	\$0.00	\$0.00	\$86.26	\$10.00
		8	2017	\$0.00	\$82.81	\$0.00	\$0.00	\$0.00	\$82.81	\$10.00
		9	2018	\$0.00	\$79.50	\$0.00	\$0.00	\$0.00	\$79.50	\$10.00
		10	2019	\$0.00	\$76.32	\$0.00	\$0.00	\$0.00	\$76.32	\$10.00
Credit Settle-Up Period	Continue to Maintain Viable Presence	11	2020	\$0.00	\$73.27	\$0.00	\$0.00	\$0.00	\$73.27	\$73.27
		12	2021	\$0.00	\$70.33	\$0.00	\$0.00	\$0.00	\$70.33	\$70.33
		13	2022	\$0.00	\$67.52	\$0.00	\$0.00	\$0.00	\$67.52	\$67.52
Post- Settle-Up Period		14	2023	\$0.00	\$64.82	\$0.00	\$0.00	\$0.00	\$64.82	\$64.82
Post- Settle-Up Period		15	2024	\$0.00	\$62.23	\$0.00	\$0.00	\$0.00	\$62.23	\$62.23

The information on this schedule is required pursuant to the provisions of HB 3676, 81st Legislature, effective June 19, 2009. Additionally, the Comptroller is authorized by 34 TAC § 9.1057(b) to request information from the school district or applicant that is reasonably necessary to complete the recommendation or economic impact evaluation at any time during the application review period.

SCHEDULE C-3676 (Temporary - July 2009): EMPLOYMENT INFORMATION
San Perlita I.S.D.

		Year	Tax Year (fill in actual tax year)	Existing Jobs	Construction		Permanent New Jobs		Qualifying Jobs	
				Column A: Number of permanent existing full time jobs prior to application	Column B: Number of Construction FTE's or man- hours (specify <u>FTE's</u>)	Column C: Average annual wage rates for construction workers	Column D: Total number of permanent full- time new jobs applicant commits to create	Column E: Average annual wage rate for all permanent new jobs for each year	Column F: Number of qualifying jobs applicant commits to create meeting all criteria of Sec. 313.021(3)	Column G: Avg. annual wage of qualifying jobs
		pre- year 1	2009	0	0	N/A	0	N/A	0	0
	Complete tax years of qualifying time period	1	2010	0	0	N/A	0	N/A	0	0
		2	2011	0	105	\$40,268	6	\$40,268	6	6
	Tax Credit Period (with 50% cap on credit)	3	2012	0	0	N/A	6	\$40,268	6	6
		4	2013	0	0	N/A	6	\$40,268	6	6
		5	2014	0	0	N/A	6	\$40,268	6	6
		6	2015	0	0	N/A	6	\$40,268	6	6
		7	2016	0	0	N/A	6	\$40,268	6	6
		8	2017	0	0	N/A	6	\$40,268	6	6
		9	2018	0	0	N/A	6	\$40,268	6	6
		10	2019	0	0	N/A	6	\$40,268	6	6
	Credit Settle-Up Period	11	2020	0	0	N/A	6	\$40,268	6	6
		12	2021	0	0	N/A	6	\$40,268	6	6
		13	2022	0	0	N/A	6	\$40,268	6	6
	Post- Settle-Up Period	14	2023	0	0	N/A	6	\$40,268	6	6
	Post- Settle-Up Period	15	2024	0	0	N/A	6	\$40,268	6	6

The information on this schedule is required pursuant to the provisions of HB 3676, 81st Legislature, effective June 19, 2009. Additionally, the Comptroller is authorized by 34 TAC § 9.1057(b) to request information from the school district or applicant that is reasonably necessary to complete the recommendation or economic impact evaluation at any time during the application review period.

Note: Section 313.024(d) Tax Code requires that, to be eligible for a limitation, 80 percent of all new jobs must be qualifying jobs.

Exhibit A-1
Legal Description of Land

1. A description of all property for which you are requesting an appraised value limitation (qualified property) as defined by Tax Code Section 313.021 (2). Include land, improvements and any personal property. Include any existing appraisal district account number and legal description of the land, a survey and a map showing the actual or proposed location of the land and proposed investment, and the actual or proposed boundaries of the reinvestment zone or enterprise zone. Include any existing resolution or ordinance establishing the zone.

The real property in Willacy County, being all of the Lots in the Withers Tract Subdivision;

all of the Lots in Blocks 83, 82, 81, 80, 79, 78, 77, 76, 75, 74, 73, 72, 71, 70, 69, 68, 63, 62, 61, 60, 59, 58, 57, 56, 55, 54, 53, 52, 51, 50, 49, 48 of the Gulf Coast Irrigation Company's Subdivision;

Lots 5, 6, 7, 8 of Block 67 of the Gulf Coast Irrigation Company's Subdivision;

Lots 1, 2, 4, 5, 6, 7, 8, 13, 14 of Block 64 of the Gulf Coast Irrigation Company's Subdivision;

Lots 1, 2, 7, 8, 9, 10, 16 of Block 47 of the Gulf Coast Irrigation Company's Subdivision;

all of Lots in Hardin & Gill Subdivision out of Share #16;

all of Lots in Hardin & Gill Subdivision out of Share #61;

all of Lots in Hardin & Gill Subdivision out of Share #64;

all of the Lots in Blocks 1, 2, 3, 4, of the E. F. Hubmer Subdivision;

all of the Lots in Share #64;

all of the Lots in Share #36;

all of the Lots in the Sombrerito Ranch Subdivision out of Share #64;

all of the Lots in Blocks 1, 2, 3, 4 of the E. H. Beise Subdivision;

all of the Lots in Blocks 1, 2, 3, 4 of the Raymondville Subdivision;

all of the Lots in the Engleman #1 Subdivision;

all of the Lots in the Engleman #2 Subdivision;

all of the Lots in the Nile Orchard Subdivision;

and Lots 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14, 15, 16, 17, 18, 19, 20, 21, 22, 23, 24, 25, 26, 27, 28, 29, 30, 31, 32, 33, 34 of the Wetzel Subdivision.

Exhibit A-2

1. A description of all property for which you are requesting an appraised value limitation (qualified property) as defined by Tax Code Section 313.021 (2). Include land, improvements and any personal property. Include any existing appraisal district account number and legal description of the land, a survey and a map showing the actual or proposed location of the land and proposed investment, and the actual or proposed boundaries of the reinvestment zone or enterprise zone. Include any existing resolution or ordinance establishing the zone.

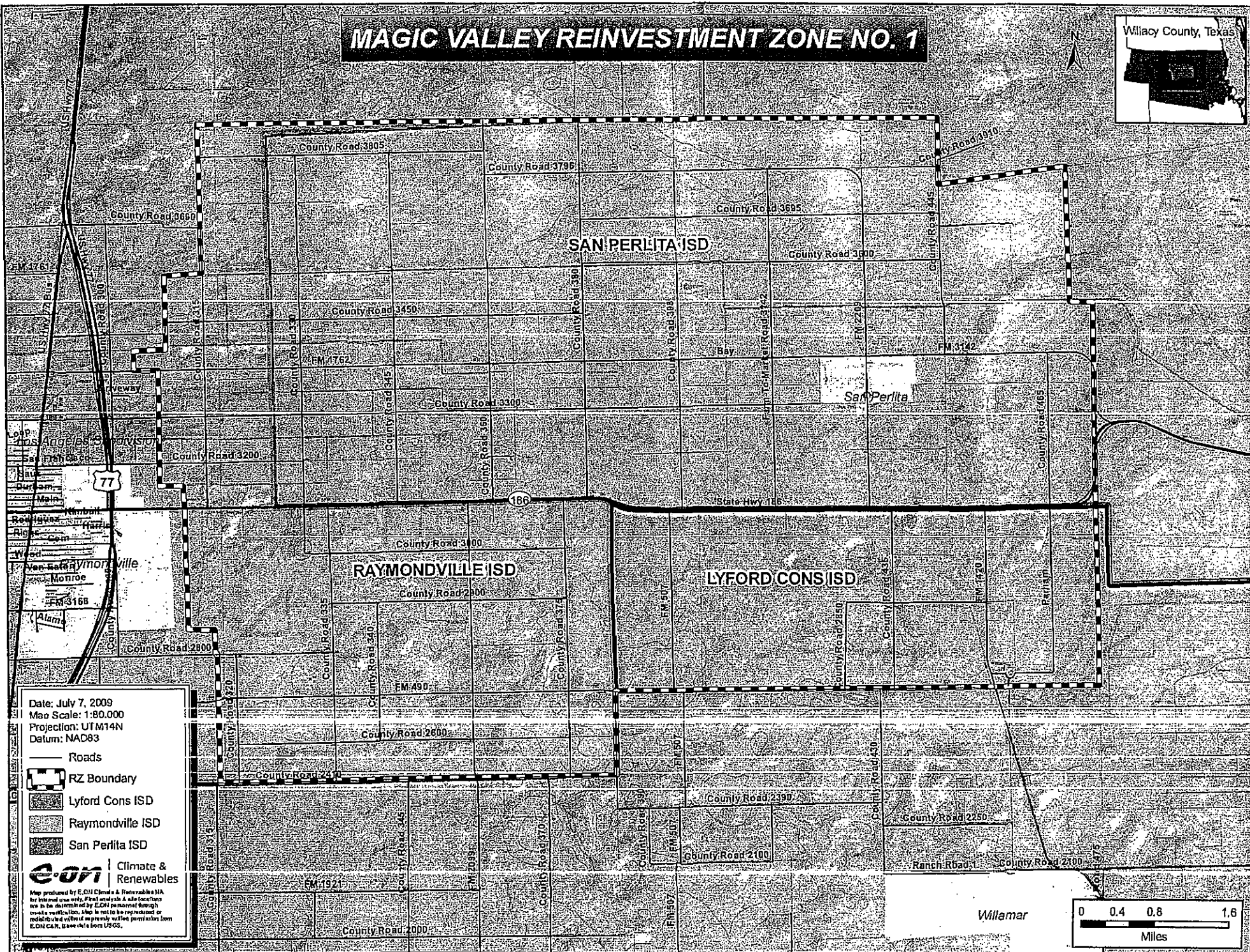
The applicant is requesting an appraised value limitation on all of the property constructed or placed upon the real property described above, which is located in Willacy County, Texas and in the San Perlita Independent School District. The property for which the applicant is requesting an appraised value limitation shall include, but is not limited to, the following: 105.8 MW wind power generation facility containing 46 2.3 MW Siemens turbines, towers, transformers, transmission lines, and associated ancillary equipment necessary to safely operate, maintain and transmit power to the ERCOT grid, and meteorological equipment to measure and test wind speed and direction. The facility will require a relatively insubstantial amount of personal property. None of the above property is covered under an existing appraisal account number.

Exhibit A-3
Map of Reinvestment Zone

1. A description of all property for which you are requesting an appraised value limitation (qualified property) as defined by Tax Code Section 313.021 (2). Include land, improvements and any personal property. Include any existing appraisal district account number and legal description of the land, a survey and a map showing the actual or proposed location of the land and proposed investment, and the actual or proposed boundaries of the reinvestment zone or enterprise zone. Include any existing resolution or ordinance establishing the zone.

MAGIC VALLEY REINVESTMENT ZONE NO. 1

Willacy County, Texas



Date: July 7, 2009
Map Scale: 1:80,000
Projection: UTM14N
Datum: NAD83

- Roads
- ▬ RZ Boundary
- ▨ Lyford Cons ISD
- ▨ Raymondville ISD
- ▨ San Perlita ISD

E.ON Climate & Renewables

Map produced by E.ON Climate & Renewables USA for internal use only. Final analysis & site locations are in the discretion of E.ON and are subject to change without notice. Map is not to be reproduced or modified without written permission from E.ON CLN. Data is from USGS.

Willamar

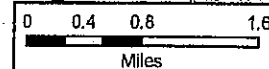


Exhibit A-4
Resolution Establishing the Zone

1. A description of all property for which you are requesting an appraised value limitation (qualified property) as defined by Tax Code Section 313.021 (2). Include land, improvements and any personal property. Include any existing appraisal district account number and legal description of the land, a survey and a map showing the actual or proposed location of the land and proposed investment, and the actual or proposed boundaries of the reinvestment zone or enterprise zone. Include any existing resolution or ordinance establishing the zone.

**A Resolution and Order Approving Designation of
Magic Valley Reinvestment Zone No. 1**

The Commissioners' Court of Willacy County, Texas, meeting in regular session on July 13, 2009, considered the following resolution:

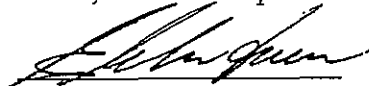
WHEREAS, Willacy County, Texas considered the creation of the Magic Valley Reinvestment Zone No. 1 (the "Zone");

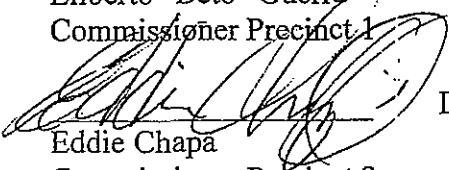
WHEREAS, the County has determined that the designation of the Zone will contribute to the retention or expansion of primary employment and will attract major investment in the Zone that will benefit the Zone and will contribute to the economic development of the County;

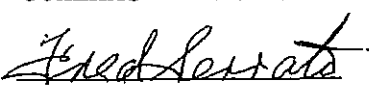
BE IT ORDERED BY THE COMMISSIONERS' COURT OF WILLACY COUNTY, TEXAS AS FOLLOWS:

1. That the County designates the property located in Willacy County, having the boundary description in Exhibit A and shown on the map in Exhibit B, both attached to this Order, as the Magic Valley Reinvestment Zone No. 1 ("the Zone"), under the Willacy County Guidelines and Criteria for Granting Tax Abatements, having determined that the designation will contribute to the retention or expansion of primary employment and will attract major investment in the Zone and will contribute to the economic development of the County, and
2. That the County declare eligible for property tax abatement all property eligible for commercial-industrial development, now or thereafter located in that Zone as authorized by the Willacy County Guidelines and Criteria for Granting Tax Abatements in Reinvestment Zones and Chapter 312 of the Texas Tax Code.
3. That the zone shall be called "Magic Valley Reinvestment Zone No. 1."

PASSED AND APPROVED at this public hearing of the Willacy County Commissioners' Court, at which a quorum was present, on the 13th day of July, 2009.

 Date: 7-13-09
Eliberto "Beto" Guerra
Commissioner Precinct 1

 Date: 7-13-09
Eddie Chapa
Commissioner Precinct 2

 Date: 7-13-09
Fred Serrato
Commissioner Precinct 3

AG Date: 7-13-09
Aurelio "Keeter" Guerra, Jr.
Presiding Officer of the Commissioners' Court
Commissioner Precinct 4

ATTESTED: Terry Flores Date: 7-13-09, Terry Flores, County
Clerk
by Maria L Longan, Deputy Clerk



Exhibit B

2. A description of the scope of the proposed project, including the type and planned use of real and tangible personal property, the nature of the business, a timeline for property construction or installation, and any other relevant information.

The proposed project will consist of a facility designed to use wind power to generate electricity (commonly referred to as a wind farm). The applicant expects to build the proposed project to be operational in first quarter 2012, with 70% of the construction to be in the San Perlita Independent School District. The applicant will commence construction on or before December 1, 2010. The applicant intends to complete construction within one (1) year and expects to meet the minimum qualified investment threshold referenced in Step 2, Question 3 by the end of 2011 and in any event prior to the expiration of the qualifying period. All of the property for which the applicant is seeking a limitation on appraised value will be owned by the applicant.

Exhibit C-1

Request for Waiver of Jobs Creation Requirement

Pursuant to Section 313.025 (f-1) of the Texas Tax Code, the governing body of a school district may waive the new jobs creation requirement in Section 313.021(2)(A)(iv)(b) or 313.051(b) and approve an application if the governing body makes a finding that the jobs creation requirement exceeds the industry standard for the number of employees reasonably necessary for the operation of the facility of the property owner that is described in the application.

The table below illustrates the estimated investment, installed megawatts, and number of qualifying jobs to be created by the wind project. The project will potentially encompass three school districts. The operations and maintenance demands of the project will be sufficient to create a total of 6-8 full-time jobs. This number of jobs is consistent with the total jobs created by other recent E.ON projects in the previous year, and E.ON believes this number to be consistent with (and possibly higher than) the industry standard number of full-time jobs created by projects of this scale. According to econometric projections, and based on E.ON's experience with existing wind projects in proximity to the proposed project, E.ON's investments in the District will result in substantially increased local economic activity, which, in addition to creating new jobs, will have a positive effect on existing jobs.

The proposed project cannot sustain the 10-job minimum for each of the school districts in which it is located (*i.e.*, it cannot create 30 full-time jobs). Accordingly, E.ON hereby requests that San Perlita I.S.D. find that the District's jobs creation requirement exceeds the industry standard and waive its requirement that E.ON's project create a minimum number of jobs within the District, in accordance Chapter 313 of the Texas Tax Code.

151.8 MW Project	San Perlita ISD	Raymondville ISD	Lyford ISD
Estimated Investment	\$105,800,000	\$16,100,000	\$29,900,000
Percentage per ISD	70%	10%	20%
Installed Turbines	46	7	13
Installed MW	105.8	16.1	29.9
Total Qualifying Jobs	6 of 8*	1 of 8*	1 of 8*

** E.ON anticipates a total of 8 full-time jobs will be created by the project. These jobs may not be specific to a school district, as the duties associated with the operations and maintenance of the project are likely to keep each employee active in all three districts.*

Exhibit C-2 Average Weekly Wage Data

San Perlita ISD is a rural district pursuant to the State Comptroller School District Economic Development Categories. Therefore, the average project wage must exceed 110% of the county average manufacturing wage figures found at the Texas Workforce Commission's ("TWC") "Tracer" website at <http://www.tracer2.com/cgi/dataanalysis/AreaSelection.asp?tableName=Industry>. Based on the information provided by the TWC, EON estimates the Willacy County average weekly wage for manufacturing jobs to be \$704.

Year	Period	Area	Ownership	Division	Level	Ind Code	Industry	Avg Weekly Wages
2008	1st Qtr	Willacy County	Private	31	2	31-33	Manufacturing	\$950
2008	2nd Qtr	Willacy County	Private	31	2	31-33	Manufacturing	\$596
2008	3rd Qtr	Willacy County	Private	31	2	31-33	Manufacturing	\$668
2008	4th Qtr	Willacy County	Private	31	2	31-33	Manufacturing	\$602

The average wage to be paid on the project is \$774.40, 110% of the county's average weekly manufacturing wage.

Exhibit C-3 Average Weekly Wage Data

Based on an average 40-hour work week and an average hourly rate of \$12.66, EON estimates that the Willacy County average weekly wage for manufacturing jobs to be \$506.40. This figure is calculated using information published by the agencies listed below.

The Texas Data Center and Office of the State Demographer has provided the following county cross-reference information:

- Willacy County is associated with the Lower Rio Grande Valley Council of Governments;
- Council of Government Code: 21
- Economic Region Code: 08
- Economic Region: South Texas
- This regional data is available at:
http://www.txsdcd.utsa.edu/reference/georef/county_master.php

The 2007 regional wage information for the Lower Rio Grande Valley Council of Governments is shown on the following list, available at:

<http://www.tracer2.com/admin/uploadedPublications/COGWages.pdf>

At the time this application was submitted, the 2008 data was not available.

2007 Manufacturing Wages by Council of Government Region Wages for All Occupations

COG	Hourly	Annual
Texas	\$19.80	\$41,184
1. Panhandle Regional Planning Commission	\$17.49	\$36,379
2. South Plains Association of Governments	\$14.48	\$30,118
3. NORTEX Regional Planning Commission	\$16.97	\$35,298
4. North Central Texas Council of Governments	\$21.72	\$45,178
5. Ark-Tex Council of Governments	\$15.05	\$31,304
6. East Texas Council of Governments	\$15.40	\$32,032
7. West Central Texas Council of Governments	\$15.35	\$31,928
8. Rio Grande Council of Governments	\$14.41	\$29,973
9. Permian Basin Regional Planning Commission	\$16.36	\$34,029
10. Concho Valley Council of Governments	\$13.49	\$28,059
11. Heart of Texas Council of Governments	\$15.65	\$32,552
12. Capital Area Council of Governments	\$23.66	\$49,213
13. Brazos Valley Council of Governments	\$14.86	\$30,909
14. Deep East Texas Council of Governments	\$14.86	\$30,909
15. South East Texas Regional Planning Commission	\$22.73	\$47,278
16. Houston-Galveston Area Council	\$21.06	\$43,805
17. Golden Crescent Regional Planning Commission	\$17.91	\$37,253
18. Alamo Area Council of Governments	\$16.09	\$33,467
19. South Texas Development Council	\$12.37	\$25,730
20. Coastal Bend Council of Governments	\$21.78	\$45,302
21. Lower Rio Grande Valley Development Council	\$12.66	\$26,333
22. Texoma Council of Governments	\$18.23	\$37,918
23. Central Texas Council of Governments	\$15.94	\$33,155
24. Middle Rio Grande Development Council	\$12.91	\$26,853

**Temporary Addendum to Application for Appraised Value Limitation on
Qualified Property - July 2009**

The 81st Legislature passed HB 3676, which made changes to Texas Tax Code, Chapter 313¹, including more information required to be analyzed in the Comptroller's economic impact evaluation (§313.026(a)). In order to facilitate completion of the evaluation, please provide the following, including temporary supplemental schedules A, B & C to collect information needed for HB 3676. The information on this addendum and additional schedules is required pursuant to the provisions of HB 3676, 81st Legislature, effective June 19, 2009. Additionally, the Comptroller is authorized by 34 TAC § 9.1057(b) to request information from the school district or applicant that is reasonably necessary to complete the recommendation or economic impact evaluation at any time during the application review period. (Note: Should the applicant anticipate the need to keep any of the requested information in the application, addendum or supplemental schedules confidential, please read the attachment entitled 'Confidential Information submitted to the Comptroller' at the end of this addendum.)

Applicant name: EC&R Development, LLC

Please describe the general nature of the applicant's investment:

The investment will consist of a wind power generation facility located in Willacy County, Texas. The improvements will include wind turbines and towers and also any other property in the Reinvestment Zone that will be used to produce wind power and perform other functions related to the production, distribution, and transmission of electric power.

Taxing entities that have jurisdiction for the property:

County: Willacy

Are you seeking property tax abatements or other favorable tax treatment from this entity? If so, please describe the request (typically the percentage abatement and the length of time the abatement would be in effect).

Yes. 70% abatement requested for 10 years.

City: Not seeking any tax abatements or favorable tax treatment from the City.

Are you seeking property tax abatements or other favorable tax treatment from this entity? If so, please describe the request (typically the percentage abatement and the length of time the abatement would be in effect).

Hospital District: Not seeking any tax abatements or favorable tax treatment from the Hospital District.

¹ All § references are to Texas Tax Code, Chapter 313 as amended by HB 3676, 81st Legislature, unless otherwise noted.

Are you seeking property tax abatements or other favorable tax treatment from this entity? If so, please describe the request (typically the percentage abatement and the length of time the abatement would be in effect).

Other (describe):

Are you seeking property tax abatements or other favorable tax treatment from any of these entities? If so, please describe the request (typically the percentage abatement and the length of time the abatement would be in effect).

Are you seeking any other state or local economic development incentives? Examples could include road or public infrastructure improvements, job training grants, loan guarantees, special financing, etc.) No If yes, please describe, attaching documentation as necessary.

The locally collected sales tax rate is: 2%

Will the land upon which the new building or new improvement be built be part of the qualified property described by §313.021(2)(A)? No If yes, please attach complete documentation: legal description, parcel ID, current taxable value, owner, etc.

Will the project be on leased land? Yes

If there are any other payments made in the state or economic information that you believe should be included in the economic analysis, please attach a separate schedule showing the amount for each year affected, including an explanation.

What is the anticipated date of application approval? December 12, 2009

What is the anticipated date of beginning of the qualifying time period? December 12, 2009

What is the approximate date the proposed facility or new improvement is expected to be fully operational? March 31, 2012

What is the minimum required annual wage for each qualified job in this school district?
[See new §§313.021(5)(A) or 313.021(5)(B) or 313.021(3)(E)(ii), or 313.051(b).]
Please specify method of computation and attach documentation from TWC web site. (Note that applicants to school districts subject to Subchapter C because of demographic characteristics must meet the regional wage standard described in §313.051(b).)

See Schedule C and Exhibit C to the Application.

What is the minimum annual wage you will be paying for each qualified job in this school district?

See Schedule C and Exhibit C to the Application.

What is the maximum number of qualifying jobs meeting all criteria of §313.021(3) you are committing to create? (Use Schedule C-3676, Column F to indicate number of qualifying jobs in specific years.)

See Schedule C and Exhibit C to the Application.

By signing this addendum, you certify that this information is true and correct to the best of your knowledge and belief.

Pharis Woodard
Name of authorized company officer
[Signature]
Signature of authorized company officer

Vice President
Title
7/14/09
Date

On behalf of _____
Name of corporation/company

If you make a false statement on this application, you could be found guilty of a Class A misdemeanor or a state jail felony under Texas Penal Code §37.10.

School district official sign and date application.

By signing below, I affirm that I have been delegated the authority by the school district governing body to act on its behalf with regard to this application for a limitation on appraised value.

Albert Peña
Name of authorized school district officer
[Signature]
Signature of authorized school district official

Supt.
Title
7/15/09
Date

Name of school district San Perlita ISD

ATTACHMENT B
COMPTROLLER'S LETTER

S U S A N
C O M B S

TEXAS COMPTROLLER *of* PUBLIC ACCOUNTS

P.O. Box 13528 • AUSTIN, TX 78711-3528



December 14, 2009

Mr. Albert Peña
Superintendent
San Perlita Independent School District
P.O. Box 37
San Perlita, Texas 78590-0037

Dear Superintendent Peña:

On Oct. 14, 2009, the agency received the completed application for a limitation on appraised value originally submitted to the San Perlita Independent School District (San Perlita ISD) by EC&R Development, LLC (EC&R) in July 2009, under the provisions of Tax Code Chapter 313. This letter presents the Comptroller's recommendation regarding EC&R's application as required by Section 313.025(d), using the criteria set out by Section 313.026. Our review assumes the truth and accuracy of the statements in the application and that, if the application is approved, the applicant would perform according to the provisions of the agreement reached with the school district. Filing an application containing false information is a criminal offense under Texas Penal Code Chapter 37.

According to the provisions of Chapter 313, San Perlita ISD is currently classified as a rural school district in Category 3. The applicant properly applied under the provisions of Subchapter C, as applicable to rural school districts, and the amount of proposed qualified investment (\$105.8 million) is consistent with the proposed appraised value limitation sought (\$10 million). The property value limitation amount noted in this recommendation is based on property values available at the time of application and may change prior to the execution of any final agreement.

EC&R is proposing the construction of wind power electricity generating facility in Willacy County. EC&R is an active franchise taxpayer, as required by Tax Code Section 313.024(a), and is in good standing. After reviewing the application using the criteria listed in Section 313.026, and the information provided by EC&R, the Comptroller's recommendation is that EC&R's application under Tax Code Chapter 313 be approved.

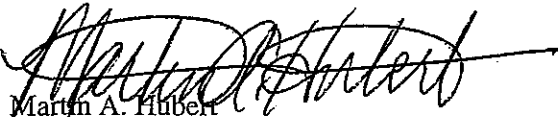
Our recommendation does not address whether the applicant has complied with all Chapter 313 requirements. Chapter 313 places the responsibility to verify that all requirements of the statute have been fulfilled on the school district. Section 313.025 requires the school district to determine if the evidence supports making specific findings that the information in the application is true and correct, the applicant is eligible for a limitation and that granting the application is in the best interest of the school district and state. When approving a job waiver requested under Section 313.025(f-1), the school district must also find that the statutory jobs creation requirement exceeds the industry standard for the number of employees reasonably necessary for the operation of the facility. As stated above, we prepared the recommendation by generally reviewing the application and supporting documentation in light of the Section 313.026 criteria and a cursory review of the industry standard evidence necessary to support the waiver of the required number of jobs.

Mr. Albert Peña
December 14, 2009
Page Two

The Comptroller's recommendation is based on the final, completed application that has been submitted to this office, and may not be used to support an approval if the application is modified, the information presented in the application changes, or the limitation agreement does not conform to the application. This recommendation is contingent on the district approving and executing a limitation agreement within a year from the date of this letter, and is valid only for a qualifying time period that begins in accordance with the approved application and a conforming limitation agreement. As required by Comptroller Rule 9.1055 (34 T.A.C. 9.1055), the signed limitation agreement must be forwarded to our office as soon as possible after execution. During the 81st Legislative Session, House Bill 3676 made a number of changes to the chapter. Please visit our Web site at www.window.state.tx.us/taxinfo/proptax/hb1200 to find an outline of the program and links to applicable rules and forms.

Should you have any questions, please contact Robert Wood, director of Local Government Assistance and Economic Development, by e-mail at robert.wood@cpa.state.tx.us or by phone at (800) 531-5441, ext. 3-3973, or direct in Austin at (512) 463-3973.

Sincerely,



Martin A. Hubert
Deputy Comptroller

Enclosure

cc: Robert Wood

ATTACHMENT C
ECONOMIC IMPACT EVALUATION

Economic Impact for Chapter 313 Project

Applicant	EC&R Development LLC
Tax Code, 313.024 Eligibility Category	Renewable energy electric generation - Wind
School District	San Perlita Independent School District
2007-08 Enrollment in School District	288
County	Willacy
Total Investment in District	\$105,800,000
Qualified Investment	\$105,800,000
Limitation Amount	\$10,000,000
Number of total jobs committed to by applicant	6
Number of qualifying jobs committed to by applicant	6*
Average Weekly Wage of Qualifying Jobs committed to by applicant	\$774
Minimum Weekly Wage Required Tax Code, 313.025(A)	\$557
Minimum Annual Wage committed to by applicant for qualified jobs	\$40,268
Investment per Qualifying Job	\$17,633,333
Number of Turbines	46
Megawatts	105.8
Start of Construction	on or before December 2010
End of Construction	end of 2011
Estimated 15 year M&O levy without any limit or credit:	\$9,552,743
Estimated 15 year M&O tax benefit/levy loss	\$6,525,064
Estimated 15 year M&O tax benefit (after deductions for estimated school district revenue protection--but not including any deduction for yet-to-be negotiated supplemental payments or extraordinary educational expenses):	\$5,617,345
Tax Credits Paid (estimated - part of total tax benefit in the two lines above - appropriated through Foundation School Program)	\$0
Net Tax Paid After Limitation, Credits and Revenue Protection:	\$3,935,398
Tax benefit as a percentage of what applicant would have paid without value limitation agreement (percentage exempted)	58.8%
Percentage of tax benefit due to the limitation	100.0%
Percentage of tax benefit due to the credit	0.0%
* Applicant is requesting district to waive requirement to create minimum number of qualifying jobs pursuant to Tax Code, 313.025 (f-1).	

This presents the Comptroller's economic impact evaluation of EC&R Development (the project) applying to San Perlita Independent School District (the district), as required by Tax Code, 313.026. With the exception of Table 1, this report examines the impact of the portion of the project in San Perlita ISD. As this project is part of a larger project, spanning three school districts, Table 1 examines the statewide impact on employment and personal income from the project in its entirety, including portions in Lyford CISD and Raymondville ISD. This evaluation is based on information provided by the applicant and examines the following criteria:

- (1) the recommendations of the comptroller;
- (2) the name of the school district;
- (3) the name of the applicant;
- (4) the general nature of the applicant's investment;
- (5) the relationship between the applicant's industry and the types of qualifying jobs to be created by the applicant to the long-term economic growth plans of this state as described in the strategic plan for economic development submitted by the Texas Strategic Economic Development Planning Commission under Section 481.033, Government Code, as that section existed before February 1, 1999;
- (6) the relative level of the applicant's investment per qualifying job to be created by the applicant;
- (7) the number of qualifying jobs to be created by the applicant;
- (8) the wages, salaries, and benefits to be offered by the applicant to qualifying job holders;
- (9) the ability of the applicant to locate or relocate in another state or another region of this state;
- (10) the impact the project will have on this state and individual local units of government, including:
 - (A) tax and other revenue gains, direct or indirect, that would be realized during the qualifying time period, the limitation period, and a period of time after the limitation period considered appropriate by the comptroller; and
 - (B) economic effects of the project, including the impact on jobs and income, during the qualifying time period, the limitation period, and a period of time after the limitation period considered appropriate by the comptroller;
- (11) the economic condition of the region of the state at the time the person's application is being considered;
- (12) the number of new facilities built or expanded in the region during the two years preceding the date of the application that were eligible to apply for a limitation on appraised value under this subchapter;
- (13) the effect of the applicant's proposal, if approved, on the number or size of the school district's instructional facilities, as defined by Section 46.001, Education Code;
- (14) the projected market value of the qualified property of the applicant as determined by the comptroller;
- (15) the proposed limitation on appraised value for the qualified property of the applicant;
- (16) the projected dollar amount of the taxes that would be imposed on the qualified property, for each year of the agreement, if the property does not receive a limitation on appraised value with assumptions of the projected appreciation or depreciation of the investment and projected tax rates clearly stated;
- (17) the projected dollar amount of the taxes that would be imposed on the qualified property, for each tax year of the agreement, if the property receives a limitation on appraised value with assumptions of the projected appreciation or depreciation of the investment clearly stated;
- (18) the projected effect on the Foundation School Program of payments to the district for each year of the agreement;
- (19) the projected future tax credits if the applicant also applies for school tax credits under Section 313.103; and
- (20) the total amount of taxes projected to be lost or gained by the district over the life of the agreement computed by subtracting the projected taxes stated in Subdivision (17) from the projected taxes stated in Subdivision (16).

Wages, salaries and benefits [313.026(6-8)]

After construction, the project will create six new jobs when fully operational. All six jobs will meet the criteria for qualifying jobs as specified in Tax Code Section 313.021(3). According to the Texas Workforce Commission (TWC), the regional manufacturing wage for the Lower Rio Grande Development Council Region, where Willacy County is located was \$26,333 in 2007. The average manufacturing wage for the most recent four quarters for Willacy County is \$34,606. In addition to an annual average salary of \$40,268, each qualifying position will receive benefits such as health insurance and training. The project's total investment is \$105.8 million, resulting in a relative level of investment per qualifying job of \$17.6 million.

Ability of applicant to locate to another state and [313.026(9)]

According to EC&R's application, "they are an international developer of wind projects and has operations in several regions and states within the U.S. ...and have the ability to locate projects of this type to the Southwest, Northwest, and Northeast as well as Canada and several European sites."

Number of new facilities in region [313.026(12)]

During the past two years, no projects in the Lower Rio Grande Development Council Region applied for value limitation agreements under Tax Code, Chapter 313.

Relationship of applicant's industry and jobs and Texas's economic growth plans [313.026(5)]

The Texas Economic Development Plan does not mention Renewable Energy specifically. However, one theme of the plan is attracting and fostering industries in Texas using advanced technology. Renewable energy technology is an expanding industry and the skilled workers that the project requires appear to be in line with the focus and themes of the plan. Texas identified energy as one of six target clusters in the Texas Cluster Initiative. The plan stresses the importance of technology in all sectors of the energy industry.

Economic Impact [313.026(10)(A), (10)(B), (11), (13-20)]

As mentioned earlier, the EC&R project applying to San Perlita ISD under Chapter 313 is part of a larger project encompassing three school districts in Willacy County. EC&R has also applied for value limitation agreements with Lyford CISD and Raymondville ISD. For the purposes of assessing the economic impact of the project to Texas, the Comptroller's Office used data for the entire project (eight jobs with annual salaries of \$40,268 per job). Table 1 depicts the estimated economic impact to Texas of the EC&R project. It depicts the direct, indirect and induced effects to employment and personal income within the state. The Comptroller's office calculated the economic impact based on 16 years of annual investment and employment levels using software from Regional Economic Models, Inc. (REMI). The impact includes the construction period and the operating period of the project.

Table 1: Estimated Statewide Economic Impact of Investment and Employment in EC&R in Lyford CISD, Raymondville ISD, and San Perlita ISD

Year	Employment			Personal Income		
	Direct	+ Induced	Total	Direct	Indirect + Induced	Total
2009	0	0	0	\$0	\$0	\$0
2010	0	0	0	\$0	\$0	\$0
2011	158	223	381	\$6,362,344	\$14,048,936	\$20,411,280
2012	8	29	37	\$322,144	\$1,992,896	\$2,315,040
2013	8	17	25	\$322,144	\$3,253,136	\$3,575,280
2014	8	12	20	\$322,144	\$2,132,256	\$2,454,400
2015	8	10	18	\$322,144	\$2,208,576	\$2,530,720
2016	8	10	18	\$322,144	\$2,285,236	\$2,607,380
2017	8	6	14	\$322,144	\$2,365,076	\$2,687,220
2018	8	8	16	\$322,144	\$2,449,016	\$2,771,160
2019	8	12	20	\$322,144	\$2,536,616	\$2,858,760
2020	8	10	18	\$322,144	\$1,151,746	\$1,473,890
2021	8	9	17	\$322,144	\$1,197,906	\$1,520,050
2022	8	11	19	\$322,144	\$2,813,596	\$3,135,740
2023	8	9	17	\$322,144	\$2,910,616	\$3,232,760
2024	8	10	18	\$322,144	\$3,012,736	\$3,334,880

Source: CPA, REMI, EC&R

The statewide average ad valorem tax base for school districts in Texas was \$1.6 billion in 2008. San Perlita ISD's ad valorem tax base in 2008 was \$61 million. The statewide average wealth per WADA was estimated at \$352,755 for fiscal 2009-2010. During that same year, San Perlita ISD's estimated wealth per WADA was \$104,764. The impact on the facilities and finances of the district is presented in Attachment 2.

Table 2 examines the estimated direct impact on ad valorem taxes to the school district and Willacy County with all property tax incentives sought being granted using estimated market value from EC&R's application. EC&R has applied for both a value limitation under Chapter 313, Tax Code and a county tax abatement under Tax Code, Chapter 312 seeking 70 percent abatement per year for ten years. Table 3 illustrates the estimated tax impact of the project on the region if all taxes are assessed.

Table 2 Estimated Direct Ad Valorem Taxes with all property tax incentives sought							
Year	Estimated Taxable value for I&S	Estimated Taxable value for M&O		San Perlita ISD I&S Levy	San Perlita ISD M&O Levy	Willacy County	School and County Property Taxes
			Tax Rate ¹	0.3000	1.0400	0.6228	
2009	\$0	\$0		\$0	\$0	\$0	\$0
2010	\$0	\$0		\$0	\$0	\$0	\$0
2011	\$0	\$0		\$0	\$0	\$0	\$0
2012	\$101,560,000	\$10,000,000		\$304,680	\$104,000	\$442,761	\$851,441
2013	\$97,500,000	\$10,000,000		\$292,500	\$104,000	\$425,061	\$821,561
2014	\$93,600,000	\$10,000,000		\$280,800	\$104,000	\$408,059	\$792,859
2015	\$89,860,000	\$10,000,000		\$269,580	\$104,000	\$391,754	\$765,334
2016	\$86,260,000	\$10,000,000		\$258,780	\$104,000	\$376,059	\$738,839
2017	\$82,810,000	\$10,000,000		\$248,430	\$104,000	\$361,018	\$713,448
2018	\$79,500,000	\$10,000,000		\$238,500	\$104,000	\$346,588	\$689,088
2019	\$76,320,000	\$10,000,000		\$228,960	\$104,000	\$332,725	\$665,685
2020	\$73,270,000	\$73,270,000		\$219,810	\$762,008	\$319,428	\$1,301,246
2021	\$70,333,000	\$70,333,000		\$210,999	\$731,463	\$306,624	\$1,249,086
2022	\$67,520,000	\$67,520,000		\$202,560	\$702,208	\$420,515	\$1,325,283
2023	\$64,820,000	\$64,820,000		\$194,460	\$674,128	\$403,699	\$1,272,287
2024	\$62,230,000	\$62,230,000		\$186,690	\$647,192	\$387,568	\$1,221,450
			Total	\$3,136,749	\$4,348,999	\$4,921,858	\$12,407,606

Source: CPA, EC&R

*Assumes Chapter 313 Value Limitation and County Tax Abatement

¹Tax Rate per \$100 Valuation

Table 3 Estimated Direct Ad Valorem Taxes without property tax incentives							
Year	Estimated Taxable value for I&S	Estimated Taxable value for M&O		San Perita ISD I&S Levy	San Perita ISD M&O Levy	Willacy County	School and County Property Taxes
			Tax Rate ¹	0.3000	1.0400	0.6228	
2009	\$0	\$0		\$0	\$0	\$0	\$0
2010	\$0	\$0		\$0	\$0	\$0	\$0
2011	\$0	\$0		\$0	\$0	\$0	\$0
2012	\$101,560,000	\$101,560,000		\$304,680	\$1,056,224	\$632,516	\$1,993,420
2013	\$97,500,000	\$97,500,000		\$292,500	\$1,014,000	\$607,230	\$1,913,730
2014	\$93,600,000	\$93,600,000		\$280,800	\$973,440	\$582,941	\$1,837,181
2015	\$89,860,000	\$89,860,000		\$269,580	\$934,544	\$559,648	\$1,763,772
2016	\$86,260,000	\$86,260,000		\$258,780	\$897,104	\$537,227	\$1,693,111
2017	\$82,810,000	\$82,810,000		\$248,430	\$861,224	\$515,741	\$1,625,395
2018	\$79,500,000	\$79,500,000		\$238,500	\$826,800	\$495,126	\$1,560,426
2019	\$76,320,000	\$76,320,000		\$228,960	\$793,728	\$475,321	\$1,498,009
2020	\$73,270,000	\$73,270,000		\$219,810	\$762,008	\$456,326	\$1,438,144
2021	\$70,333,000	\$70,333,000		\$210,999	\$731,463	\$438,034	\$1,380,496
2022	\$67,520,000	\$67,520,000		\$202,560	\$702,208	\$420,515	\$1,325,283
2023	\$64,820,000	\$64,820,000		\$194,460	\$674,128	\$403,699	\$1,272,287
2024	\$62,230,000	\$62,230,000		\$186,690	\$647,192	\$387,568	\$1,221,450
			Total	\$3,136,749	\$10,874,063	\$6,511,891	\$20,522,703

Source: CPA, EC&R

¹Tax Rate per \$100 Valuation

Attachment 1 includes schedules A, B, and C provided by the applicant in the application. Schedule A shows proposed investment and tax expenditures. Schedule B is the projected market value of the qualified property and Schedule C contains employment information.

Attachment 2, provided by the district and reviewed by the Texas Education Agency, contains information relating to the financial impact of the proposed project on the finances of the district as well as the tax benefit of the value limitation. "Exhibit A" in this attachment shows the estimated 15 year M&O tax levy without the value limitation agreement would be \$9,552,743. The estimated gross 15 year M&O tax benefit, or levy loss, is \$6,525,064.

Attachment 3 is an economic overview of Willacy County.

Disclaimer: This examination is based on information from the application submitted to the school district and forwarded to the comptroller. It is intended to meet the statutory requirement of Chapter 313 of the Tax Code and is not intended for any other purpose.

Attachments

1. Schedules provided by applicant in application
2. School finance and tax benefit provided by district
3. Economic Overview

Attachment 1

SCHEDULE A-3676 (Temporary - July 2009): INVESTMENT & TAXES (in millions)

San Perlita I.S.D.

PROPERTY INVESTMENT AMOUNTS (\$)									TAX INFORMATION		
(Estimated Investment in each year. Do not put cumulative totals.)									Sales Taxable Expenditures		Franchise Tax
		Year	Tax Year (fill in actual tax year below)	Column A: Tangible Personal Property: the amount of new investment (original cost) placed in service during this year	Column B: Building or permanent nonremovable component of building (annual amount only)	Column C: Sum of A and B--Qualifying Investment (during the qualifying time period)	Column D: Other Investment that is not qualified investment but investment affecting economic impact and total value	Column E: Total Investment (A+B+D)	Column F: Estimate of total annual expenditures* subject to state sales tax	Column G: Estimate of total annual expenditures* made in Texas NOT subject to sales tax	Column H: Estimate of Franchise tax due from (or attributable to) the applicant
The year preceding the first complete tax year of the qualifying time period (assuming no deferrals)	Investment made before filing application with district (neither qualified property nor eligible to become qualified investment)		2009	\$0.00	\$0.00		\$0.00	\$0.00			
	Investment made after filing application with district, but before application approval (eligible to become qualified property)			\$0.00	\$0.00		\$0.00	\$0.00			
	Investment made after application approval and before Jan. 1 of first complete tax year of qualifying time period (qualified Investment and eligible to become qualified property)			\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
	Complete tax years of qualifying time period	1	2010	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
		2	2011	\$0.00	\$105.80	\$105.80	\$0.00	\$105.80	\$31.74	\$126.96	\$0.00
Tax Credit Period (with 50% cap on credit)	Value Limitation Period	3	2012	\$0.00	\$0.00		\$0.00	\$0.00	\$0.15	\$8.70	\$0.00
		4	2013	\$0.00	\$0.00		\$0.00	\$0.00	\$0.15	\$8.81	\$0.00
		5	2014	\$0.00	\$0.00		\$0.00	\$0.00	\$0.14	\$8.26	\$0.00
		6	2015	\$0.00	\$0.00		\$0.00	\$0.00	\$0.14	\$7.98	\$0.00
		7	2016	\$0.00	\$0.00		\$0.00	\$0.00	\$0.14	\$8.15	\$0.00
		8	2017	\$0.00	\$0.00		\$0.00	\$0.00	\$0.15	\$8.79	\$0.00
		9	2018	\$0.00	\$0.00		\$0.00	\$0.00	\$0.16	\$9.02	\$0.00
		10	2019	\$0.00	\$0.00		\$0.00	\$0.00	\$0.16	\$9.26	\$0.00
Credit Settle-Up Period	Continue to Maintain Viable Presence	11	2020	\$0.00	\$0.00		\$0.00	\$0.00	\$0.17	\$9.49	\$0.00
		12	2021	\$0.00	\$0.00		\$0.00	\$0.00	\$0.17	\$9.74	\$0.00
		13	2022	\$0.00	\$0.00		\$0.00	\$0.00	\$0.18	\$10.52	\$0.00
Post- Settle-Up Period		14	2023	\$0.00	\$0.00		\$0.00	\$0.00	\$0.19	\$10.62	\$0.00
Post- Settle-Up Period		15	2024	\$0.00	\$0.00		\$0.00	\$0.00	\$0.20	\$11.59	\$0.00

Qualifying Time Period usually begins with the approval of the application and extends generally for the following two complete tax years.

Column A: This represents the total dollar amount of planned investment in tangible personal property the applicant considers qualified investment- as defined in Tax Code §313.021(1)(A)-(D). For the purposes of investment, please list amount invested each year, not cumulative totals.
[For the years outside the qualifying time period, this number should simply represent the planned investment in tangible personal property.
Include estimates of investment for "replacement" property-property that is part of original agreement but scheduled for probable replacement during limitation period.

Column B: The total dollar amount of planned investment each year in buildings or nonremovable component of buildings that the applicant considers qualified investment under Tax Code §313.021(1)(E). For the years outside the qualifying time period, this number should simply represent the planned investment in new buildings or nonremovable components of buildings.

Column D: Dollar value of other investment that may not be qualified investment but that may affect economic impact and total value.
The most significant example for many projects would be land. Other examples may be items such as professional services, etc.
Note: Land can be listed as part of investment during the "pre-year 1" time period. It cannot be part of qualifying investment.

* For planning, construction and operation of the facility.

Note: Information related to taxes in Columns F through H, for the year preceding the first complete year of the qualifying time period, need not be broken out by the time periods used for the requested investment information in Columns A through E.
Note: For advanced clean energy projects, nuclear projects, projects with deferred qualifying time periods, and projects with lengthy application review periods, insert additional rows as needed.

The information on this schedule is required pursuant to the provisions of HB 3676, 81st Legislature, effective June 19, 2009. Additionally, the Comptroller is authorized by 34 TAC § 9.1057(b) to request information from the school district or applicant that is reasonably necessary to complete the recommendation or economic impact evaluation at any time during the application review period.

SCHEDULE B-3676 (Temporary - July 2009): ESTIMATED MARKET AND TAXABLE VALUE (in millions)
San Perlita I.S.D.

All figures here are to be cumulative										
				Qualified Property			Reductions from market value (exemptions, etc)		Estimated Taxable Value	
		Year	Tax Year (fill in actual tax year)	Column A: Estimated Market Value of Land	Column B: Estimated Total Market Value of new buildings or other new improvements	Column C: Estimated Total Market Value of tangible personal property in the new building or "in or on the new improvement"	D: Due to pollution control property (estimated or actual as appropriate)	E: Due to other exemptions	F: Estimated total taxable value for I&S: (A+B+C)-(D+E)	G: Estimated total taxable value for M&O: (Column F amount with the limitation value in years 3-10)
		pre- year 1	2009	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
	Complete tax years of qualifying time period	1	2010	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
		2	2011	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
		3	2012	\$0.00	\$101.56	\$0.00	\$0.00	\$0.00	\$101.56	\$10.00
Tax Credit Period (with 50% cap on credit)	Value Limitation Period	4	2013	\$0.00	\$97.50	\$0.00	\$0.00	\$0.00	\$97.50	\$10.00
		5	2014	\$0.00	\$93.60	\$0.00	\$0.00	\$0.00	\$93.60	\$10.00
		6	2015	\$0.00	\$89.86	\$0.00	\$0.00	\$0.00	\$89.86	\$10.00
		7	2016	\$0.00	\$86.26	\$0.00	\$0.00	\$0.00	\$86.26	\$10.00
		8	2017	\$0.00	\$82.81	\$0.00	\$0.00	\$0.00	\$82.81	\$10.00
		9	2018	\$0.00	\$79.50	\$0.00	\$0.00	\$0.00	\$79.50	\$10.00
		10	2019	\$0.00	\$76.32	\$0.00	\$0.00	\$0.00	\$76.32	\$10.00
Credit Settle-Up Period	Continue to Maintain Viable Presence	11	2020	\$0.00	\$73.27	\$0.00	\$0.00	\$0.00	\$73.27	\$73.27
		12	2021	\$0.00	\$70.33	\$0.00	\$0.00	\$0.00	\$70.33	\$70.33
		13	2022	\$0.00	\$67.52	\$0.00	\$0.00	\$0.00	\$67.52	\$67.52
Post- Settle-Up Period		14	2023	\$0.00	\$64.82	\$0.00	\$0.00	\$0.00	\$64.82	\$64.82
Post- Settle-Up Period		15	2024	\$0.00	\$62.23	\$0.00	\$0.00	\$0.00	\$62.23	\$62.23

The information on this schedule is required pursuant to the provisions of HB 3676, 81st Legislature, effective June 19, 2009.
 Additionally, the Comptroller is authorized by 34 TAC § 9.1057(b) to request information from the school district or applicant that is
 reasonably necessary to complete the recommendation or economic impact evaluation at any time during the application review period.

SCHEDULE C-3676 (Temporary - July 2009): EMPLOYMENT INFORMATION
San Perlita I.S.D.

				Existing Jobs	Construction		Permanent New Jobs		Qualifying Jobs	
		Year	Tax Year (fill in actual tax year)	Column A: Number of permanent existing full time jobs prior to application	Column B: Number of Construction FTE's or man- hours (specify <u>FTE's</u>)	Column C: Average annual wage rates for construction workers	Column D: Total number of permanent full- time new jobs applicant commits to create	Column E: Average annual wage rate for all permanent new jobs for each year	Column. F: Number of qualifying jobs applicant commits to create meeting all criteria of Sec. 313.021(3)	Column G: Avg. annual wage of qualifying jobs
		pre- year 1	2009	0	0	N/A	0	N/A	0	N/A
	Complete tax years of qualifying time period	1	2010	0	0	N/A	0	N/A	0	N/A
		2	2011	0	105	\$40,268	6	\$40,268	6	\$40,268
	Value Limitation Period	3	2012	0	0	N/A	6	\$40,268	6	\$40,268
Tax Credit Period (with 50% cap on credit)		4	2013	0	0	N/A	6	\$40,268	6	\$40,268
		5	2014	0	0	N/A	6	\$40,268	6	\$40,268
		6	2015	0	0	N/A	6	\$40,268	6	\$40,268
		7	2016	0	0	N/A	6	\$40,268	6	\$40,268
		8	2017	0	0	N/A	6	\$40,268	6	\$40,268
		9	2018	0	0	N/A	6	\$40,268	6	\$40,268
		10	2019	0	0	N/A	6	\$40,268	6	\$40,268
	Credit Settle-Up Period	Continue to Maintain Viable Presence	11	2020	0	0	N/A	6	\$40,268	6
12			2021	0	0	N/A	6	\$40,268	6	\$40,268
13			2022	0	0	N/A	6	\$40,268	6	\$40,268
Post- Settle-Up Period		14	2023	0	0	N/A	6	\$40,268	6	\$40,268
Post- Settle-Up Period		15	2024	0	0	N/A	6	\$40,268	6	\$40,268

The information on this schedule is required pursuant to the provisions of HB 3676, 81st Legislature, effective June 19, 2009. Additionally, the Comptroller is authorized by 34 TAC § 9.1057(b) to request information from the school district or applicant that is reasonably necessary to complete the recommendation or economic impact evaluation at any time during the application review period.

Note: Section 313.024(d) Tax Code requires that, to be eligible for a limitation, 80 percent of all new jobs must be qualifying jobs.

Attachment 2



TEXAS EDUCATION AGENCY

1701 North Congress Ave. ★ Austin, Texas 78701-1494 ★ 512/463-9734 ★ FAX: 512/463-9838 ★ <http://www.tea.state.tx.us>

Robert Scott
Commissioner

December 15, 2009

Mr. Robert Wood
Director, Local Government Assistance and Economic Development
Texas Comptroller of Public Accounts
Lyndon B. Johnson State Office Building
111 East 17th Street
Austin, Texas 78774

Dear Mr. Wood:

As required by the Tax Code, §313.025 (b-1), the Texas Education Agency (TEA) has evaluated the impact of the proposed EC&R Development, LLC, project on the number and size of school facilities in San Perlita Independent School District (SPISD). Based on the analysis prepared by Walsh, Anderson, Brown, Aldridge & Gallegos, PC, for the school district and conversations with the SPISD superintendent, Mr. Albert Pena, the TEA has found that the EC&R Development, LLC, project would not have a significant impact on the number or size of school facilities in SPISD.

Please feel free to contact me by phone at (512) 463-9268 or by email at helen.daniels@tea.state.tx.us if you need further information regarding this issue.

Sincerely,

A handwritten signature in black ink that reads "Helen Daniels".

Helen Daniels
Director of State Funding

HD/hd



TEXAS EDUCATION AGENCY

1701 North Congress Ave. ★ Austin, Texas 78701-1494 ★ 512/463-9734 ★ FAX: 512/463-9838 ★ <http://www.tea.state.tx.us>

Robert Scott
Commissioner

December 15, 2009

Mr. Robert Wood
Director, Local Government Assistance and Economic Development
Texas Comptroller of Public Accounts
Lyndon B. Johnson State Office Building
111 East 17th Street
Austin, Texas 78774

Dear Mr. Wood:

The Texas Education Agency has analyzed the revenue gains that would be realized by the proposed EC&R Development, LLC, project for the San Perlita Independent School District (SPISD). Projections prepared by our Forecasting and Fiscal Analysis Division confirm the analysis that was prepared by Walsh, Anderson, Brown, Aldridge & Gallegos, PC, and provided to us by your division. We believe their assumptions are valid and their estimates of the impact of the EC&R Development, LLC, project on SPISD are correct.

Please feel free to contact me by phone at (512) 463-9268 or by email at helen.daniels@tea.state.tx.us if you need further information regarding this issue.

Sincerely,

A handwritten signature in black ink that reads "Helen Daniels". The signature is written in a cursive, flowing style.

Helen Daniels
Director of State Funding

HD/hd

WALSH, ANDERSON,
BROWN, ALDRIDGE
& GALLEGOS, P.C.

ATTORNEYS AT LAW

November 23, 2009

Ms. Jenny Hicks
Research Analyst - Economic Analysis
Local Government Assistance and
Economic Development Division
Texas Comptroller of Public Accounts
111 E. 17th Street
Austin, Texas 78774

VIA FACSIMILE

Re: San Perlita Independent School District / Ch 313 Tax Limitation Agreement -
EC&R Development, LLC application ("EC&R")

Dear Ms. Hicks:

This is to provide information from the San Perlita Independent School District ("District") for purposes of the Comptroller's Economic Impact Evaluation. Specifically, this addresses information on protection from future revenue loss and the impact of the Tax Limitation Agreement ("Agreement") on instruction facilities.

I. Revenue Protection. Attached are two (2) spreadsheets identified as Exhibit A and Exhibit B.

Exhibit A. The spreadsheet attached as Exhibit A is based on the BETA "tax benefit" spreadsheet provided by Alison Gillam under her email dated October 15, 2009. We have inserted financial information in the spreadsheet as follows:

Column G - I&S Taxable Value of Investment. For each year of the Agreement term, we have inserted the investment value set out in Schedule B of EC&R's application. We understand the value is based on \$1,000,000 per megawatt of capacity and four percent (4%) annual depreciation.

Column M- M&O Tax Rate. We have inserted \$1.04, the District's M&O Rate for the 2009-2010 school fiscal year. We have assumed the rate will remain constant throughout the term of the Agreement.

Column P - I&S Tax Rate. We have inserted \$0.30, the District's I&S Tax Rate for the 2009-2010 school fiscal year. We have assumed this rate will remain constant throughout the term of the Agreement.

Ms. Jenny Hicks
November 23, 2009
Page 2

Column Z – Funds for Protection of Future District Revenues. We have inserted amounts calculated in Column M the spreadsheet attached as Exhibit B.

Exhibit B. School District Revenue. The proportion of the spreadsheet titled "Revenue with Agreement" calculates the District's net M&O revenue based on construction of the EC&R project with the proposed limitation.

Column E – District Taxable Value Not Including Project. This column includes all value within the District other than the value added by the EC&R project. The amount for fiscal year 2009-2010 is the value certified by the Willacy County Appraisal District. We have assumed the value will increase by 0.5% per year during the term of the Agreement.

The lower portion of the sheet titled "Revenue without Agreement" contains the same values as the "with Agreement" portion except that in Column H the taxable value is not reduced to \$10,000,000 in years three through ten. That is, the calculations made as if the EC&R project were constructed but there was no limitation.

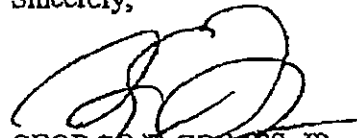
Column M – Net Projected Loss from Agreement. This is the difference between the net Revenue without Agreement and the net Revenue with Agreement. These are the amounts inserted in Column Z of Exhibit A.

II. Impact on Instructional Facilities. The effect of the applicant's proposal, if approved, on the number or size the school district's instructional facilities as defined by section 46.001, Education Code.

There exists a small but undetermined possibility that the EC&R project could have an impact on enrollment. This impact would come from families that might temporarily relocate during the construction phase. The impact during the operation phase with 6 full time workers can be absorbed by current facilities.

Please contact me if you have any questions or require additional information.

Sincerely,



GEORGE E. GRIMES, JR.

GEG/pam
Enclosures

cc: Albert A. Peña, IV (Via Facsimile)
Doug Arnold (Via Email Delivery)

	A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	
1	School District: San Perlita ISD														Exhibit A	
2	Project:														Page 1	
3	County: Willacy															
4	Eligibility Category:															
5																
6	Year of Project	Year of Tax Credit	Year of Tax Credit Settle-Up	Year of Limit	School Year	Tax Year	I&S Taxable Value of Investment	Difference from previous year's value	Annual Depreciation Rate	M&O Property Value Limitation Amount	M&O Exempt Value of Property	M&O Tax Base Years 1-13	M&O Tax Rate	M&O Tax Levy without Limitation	M&O Tax Levy with Limitation	
7	0				2009-10	2009	\$0			\$0	\$0	\$0	\$1.0400	\$0	\$0	
8	1				2010-11	2010	\$0			\$0	\$0	\$0	\$1.0400	\$0	\$0	
9	2				2011-12	2011	\$0	\$0	#DIV/0!	\$0	\$0	\$0	\$1.0400	\$0	\$0	
10	3			1	2012-13	2012	\$101,560,000	\$101,560,000	#DIV/0!	\$10,000,000	\$91,560,000	\$10,000,000	\$1.0400	\$1,056,224	\$104,000	
11	4	1		2	2013-14	2013	\$97,500,000	\$4,060,000	4.0%	\$10,000,000	\$87,500,000	\$10,000,000	\$1.0400	\$1,014,000	\$104,000	
12	5	2		3	2014-15	2014	\$93,600,000	\$3,900,000	4.0%	\$10,000,000	\$83,600,000	\$10,000,000	\$1.0400	\$973,440	\$104,000	
13	6	3		4	2015-16	2015	\$89,860,000	\$3,740,000	4.0%	\$10,000,000	\$79,860,000	\$10,000,000	\$1.0400	\$934,544	\$104,000	
14	7	4		5	2016-17	2016	\$86,260,000	\$3,600,000	4.0%	\$10,000,000	\$76,260,000	\$10,000,000	\$1.0400	\$897,104	\$104,000	
15	8	5		6	2017-18	2017	\$82,810,000	\$3,450,000	4.0%	\$10,000,000	\$72,810,000	\$10,000,000	\$1.0400	\$861,224	\$104,000	
16	9	6		7	2018-19	2018	\$79,500,000	\$3,310,000	4.0%	\$10,000,000	\$69,500,000	\$10,000,000	\$1.0400	\$826,800	\$104,000	
17	10	7		8	2019-20	2019	\$76,320,000	\$3,180,000	4.0%	\$10,000,000	\$66,320,000	\$10,000,000	\$1.0400	\$793,728	\$104,000	
18	11		1		2020-21	2020	\$73,270,000			\$0	\$0	\$73,270,000	\$1.0400	\$762,008	\$762,008	
19	12		2		2018-19	2018	\$70,333,000			\$0	\$0	\$70,333,000	\$1.0400	\$731,463	\$731,463	
20	13		3		2019-20	2019	\$67,520,000			\$0	\$0	\$67,520,000	\$1.0400	\$702,208	\$702,208	
21	14						\$64,820,000									
22	15						\$62,230,000							\$9,552,743		
23																
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[illegible]

	A	B	C	D	E	F	G	H	I	J	K	L	M	N	O
2	EXHIBIT B San Perlita ISD - M&O Revenue EC&R Agreement														
4	Revenue with Agreement														
5	Line	Column	Column	Column	Column	Column	Column	Column	Column	Column	Column	Column	Column		
6	6	B	C	E	F	G	H	I	J	K	L	M			
7	7	Agreement	School	District	M&O Taxes	State Funds	Taxable	Total Taxable	Total M&O	Total	Total Funds	Total Funds	Net		
8	8	Year	Year	Taxable Value	Not Including	Not	Value	Value	Funds	State Funds	Combined	Combined	Projected		
9	9			Not Including	Project	Including	EC&R		Combined	with	Values	Values	Loss		
10	10			Project		Project			Value	Combined			From		
11	11									Values			Agreement		
13	14	0	2009-10	\$60,059,611	\$624,620	\$2,431,514	\$0	\$60,059,611	\$624,620	\$2,194,017	\$2,818,637	\$0			
14	15	1	2010-11	\$60,059,611	\$624,620	\$2,467,627	\$0	\$60,059,611	\$624,620	\$2,231,177	\$2,855,797	\$0			
15	16	2	2011-12	\$60,059,611	\$624,620	\$2,467,627	\$0	\$60,059,611	\$624,620	\$2,231,177	\$2,855,797	\$0			
16	17	3	2012-13	\$60,059,611	\$624,620	\$2,467,627	\$10,000,000	\$70,059,611	\$728,620	\$2,231,177	\$2,959,797	\$302,028			
17	18	4	2013-14	\$60,059,611	\$624,620	\$2,467,627	\$10,000,000	\$70,059,611	\$728,620	\$2,231,177	\$2,959,797	\$95,854			
18	19	5	2014-15	\$60,059,611	\$624,620	\$2,467,627	\$10,000,000	\$70,059,611	\$728,620	\$2,231,177	\$2,959,797	\$93,194			
19	20	6	2015-16	\$60,059,611	\$624,620	\$2,467,627	\$10,000,000	\$70,059,611	\$728,620	\$2,231,177	\$2,959,797	\$86,698			
20	21	7	2016-17	\$60,059,611	\$624,620	\$2,467,627	\$10,000,000	\$70,059,611	\$728,620	\$2,231,177	\$2,959,797	\$85,476			
21	22	8	2017-18	\$60,059,611	\$624,620	\$2,467,627	\$10,000,000	\$70,059,611	\$728,620	\$2,231,177	\$2,959,797	\$84,505			
22	23	9	2018-19	\$60,059,611	\$624,620	\$2,467,627	\$10,000,000	\$70,059,611	\$728,620	\$2,231,177	\$2,959,797	\$82,020			
23	24	10	2019-20	\$60,059,611	\$624,620	\$2,467,627	\$10,000,000	\$70,059,611	\$728,620	\$2,231,177	\$2,959,797	\$77,944			
24	25	11	2020-21	\$60,059,611	\$624,620	\$2,467,627	\$73,270,000	\$133,329,611	\$1,386,628	\$1,912,266	\$3,298,894	-\$271,115			
25	26	12	2021-22	\$60,059,611	\$624,620	\$2,467,627	\$70,330,000	\$130,389,611	\$1,356,052	\$1,641,151	\$2,997,203	\$0			
26	27	13	2022-23	\$60,059,611	\$624,620	\$2,467,627	\$67,520,000	\$127,579,611	\$1,326,828	\$1,641,151	\$2,967,979	\$0			
27	28	14	2023-24	\$60,059,611	\$624,620	\$2,467,627	\$64,820,000	\$124,879,611	\$1,298,748	\$1,641,151	\$2,939,899	\$0			
28	29	15	2024-25	\$60,059,611	\$624,620	\$2,467,627	\$62,230,000	\$122,289,611	\$1,271,812	\$1,641,151	\$2,912,963	\$0			
29	30												\$636,604		
30	31														
31	32	REVENUE without Agreement													
32	33	School	District	M&O Taxes	State Funds	Taxable	Total Taxable	Total	Total	Total Funds					
33	34	Year	Taxable Value	On Value	Not	Value	Value	M&O Funds	State Funds	Combined					
34	35		Not Including	Not Including	Including	EC&R		Combined	with	Values					
35	36		Project	Project	Project			Value	Combined						
36	37														
38	37	0	2009-10	\$60,059,611	\$624,620	\$2,431,514	\$0	\$60,059,611	\$624,620	\$2,194,017	\$2,818,637				
39	38	1	2010-11	\$60,059,611	\$624,620	\$2,467,627	\$0	\$60,059,611	\$624,620	\$2,231,177	\$2,855,797				
40	39	2	2011-12	\$60,059,611	\$624,620	\$2,467,627	\$0	\$60,059,611	\$624,620	\$2,231,177	\$2,855,797				
41	40	3	2012-13	\$60,059,611	\$624,620	\$2,467,627	\$101,560,000	\$161,619,611	\$1,680,844	\$1,580,981	\$3,261,825				
42	41	4	2013-14	\$60,059,611	\$624,620	\$2,467,627	\$97,500,000	\$157,559,611	\$1,638,620	\$1,417,031	\$3,055,651				
43	42	5	2014-15	\$60,059,611	\$624,620	\$2,467,627	\$93,600,000	\$153,659,611	\$1,598,060	\$1,454,931	\$3,052,991				
44	43	6	2015-16	\$60,059,611	\$624,620	\$2,467,627	\$89,860,000	\$149,919,611	\$1,559,164	\$1,487,331	\$3,048,495				
45	44	7	2016-17	\$60,059,611	\$624,620	\$2,467,627	\$86,230,000	\$146,289,611	\$1,521,412	\$1,523,861	\$3,045,273				
46	45	8	2017-18	\$60,059,611	\$624,620	\$2,467,627	\$82,810,000	\$142,869,611	\$1,485,844	\$1,558,458	\$3,044,302				
47	46	9	2018-19	\$60,059,611	\$624,620	\$2,467,627	\$79,500,000	\$139,559,611	\$1,451,420	\$1,590,397	\$3,041,817				
48	47	10	2019-20	\$60,059,611	\$624,620	\$2,467,627	\$76,320,000	\$136,379,611	\$1,418,348	\$1,619,393	\$3,037,741				
49	48	11	2020-21	\$60,059,611	\$624,620	\$2,467,627	\$73,270,000	\$133,329,611	\$1,386,628	\$1,641,151	\$3,027,779				
50	49	12	2021-22	\$60,059,611	\$624,620	\$2,467,627	\$70,330,000	\$130,389,611	\$1,356,052	\$1,641,151	\$2,997,203				
51	50	13	2022-23	\$60,059,611	\$624,620	\$2,467,627	\$67,520,000	\$127,579,611	\$1,326,828	\$1,641,151	\$2,967,979				
52	51	14	2023-24	\$60,059,611	\$624,620	\$2,467,627	\$64,820,000	\$124,879,611	\$1,298,748	\$1,641,151	\$2,939,899				
53	52	15	2024-25	\$60,059,611	\$624,620	\$2,467,627	\$62,230,000	\$122,289,611	\$1,271,812	\$1,641,151	\$2,912,963				

Attachment 3

Willacy County Overview Report

Population

Total county population in 2008 for Willacy County: 20,600, up 0.8 percent from 2007.

State population increased 2.0 percent in the same time period.

Willacy County was the state's 113th largest county in population in 2008 and the 109th fastest growing county from 2007 to 2008.

Willacy County population in 2008 was:

11.0 percent White	(below the state average of 47.4 percent.)
2.1 percent Black	(below the state average of 11.3 percent.)
86.4 percent Hispanic	(above the state average of 36.5 percent.)

2008 population of the largest cities and places in Willacy County:

Raymondville:	9,501
Lyford:	2,441
San Perlita:	692

Economy and Income

Employment

October 2009 total employment in Willacy County: 7,126, down 0.8 percent from October 2008.

State total employment decreased 1.0 percent during the same period.

October 2009 Willacy County unemployment rate was 14.2 percent, up from 9.8 percent in October 2008.

The statewide unemployment rate for October 2009 was 8.3 percent, up from 5.3 percent in October 2008.

October 2009 unemployment rate in the city of:

N/A

(Note: County and State unemployment rates are adjusted for seasonal fluctuations, but the Texas Workforce Commission City unemployment rates are not. Seasonally-adjusted unemployment rates are not comparable with unadjusted rates.)

Income

Willacy County's ranking in per capita personal income in 2007: 238th with an average per capita income of \$20,765, up 11.0 percent from 2006.

Statewide average per capita personal income was \$37,083 in 2007 up 5.5 percent from 2006.

Industry

Agricultural cash values in Willacy County averaged \$71.3 million annually from 2005 to 2008. County total agricultural values in 2008 were up 28.9 percent from 2007. Major agriculture related commodities in Willacy County during 2008 included:

Beef Total	Cotton	Recreation	Sorghum	Sugar Cane
------------	--------	------------	---------	------------

2007 preliminary oil and gas production in Willacy County: 445,880 barrels of oil and 27,925,009 Mcf of gas.

In February 2009, there were 92 producing oil wells and 90 producing gas wells.

Taxes

Sales Tax - Taxable Sales

Quarterly (January through March 2009)

Taxable sales in Willacy County during the first quarter of 2009: \$14,561,652, up 5.8 percent from the same quarter in 2008.

Taxable sales during the first quarter in the city of:

Lyford	\$417,872, down	0.2 percent from the same quarter in 2008.
Raymondville	\$13,100,535, up	4.7 percent from the same quarter in 2008.

Annual (2008)

Taxable sales in Willacy County during 2008: \$56,611,301, up 5.5 percent from 2007.

Taxable sales during 2008 in the city of:

Lyford	\$1,825,177, down	5.2 percent from 2007.
Raymondville	\$50,771,438, up	6.6 percent from 2007.

"-" represent amounts subject to state sales tax values that are suppressed for confidentiality reasons.

Sales Tax - Local Sales Tax Allocations

Monthly (September 2009)

Statewide payments based on the sales activity month of September 2009: \$500,770,947, down 8.7 percent from September 2008.

Payments to all cities in Willacy County based on the sales activity month of September 2009: \$112,828, down 9.2 percent from September 2008.

Payments based on the sales activity month of September 2009 in the city of:

Lyford	\$3,872, down	2.2 percent from September 2008.
Raymondville	\$108,955, down	9.4 percent from September 2008.

Annual (2008)

Statewide payments based on the sales activity months of 2008: \$6,026,220,888, up 5.8 percent from 2007.

Payments to all cities in Willacy County based on the sales activity months of 2008: \$1,278,600, up 8.5 percent from 2007.

Lyford	\$37,298, down	8.0 percent from 2007.
Raymondville	\$1,241,302, up	9.1 percent from 2007.

Property Tax

As of 2007, property values in Willacy County: \$915,504,359, up 3.6 percent from 2006 values.

The property tax base per person in Willacy County is \$44,442, below the statewide average of \$77,317.

About 23.5 percent of the property tax base is derived from oil, gas and minerals.

State Expenditures

Willacy County's ranking in state expenditures by county in state fiscal year (FY) 2008: 92nd. State expenditures in the county for FY 2008: \$112,050,115, down 8.9 percent from FY 2007.

In Willacy County, 10 state agencies provide a total of 90 jobs and \$948,553 in annualized wages (as of 1st quarter 2009).

Major state agencies in the county (as of 1st quarter 2009):

- Department of Aging and Disability Services
- Department of Public Safety
- Health & Human Services Commission

University of Texas Medical Branch
Department of Transportation

School Districts

Willacy County had 4 school districts with 12 schools and 4,486 students in the 2007-2008 school year.

(Statewide, the average teacher salary in school year 2007-2008 was \$46,179. The percentage of students, statewide, meeting the 2008 Texas Assessment of Knowledge and Skills (TAKS) passing standard for all 2007-2008 TAKS tests was 72 percent.)

LASARA ISD	had 382 students in the 2007-2008 school year. The average teacher salary was \$44,501. The percentage of students meeting the 2008 TAKS passing standard for all tests was 80 percent.
LYFORD CISD	had 1,522 students in the 2007-2008 school year. The average teacher salary was \$43,338. The percentage of students meeting the 2008 TAKS passing standard for all tests was 62 percent.
RAYMONDVILLE ISD	had 2,303 students in the 2007-2008 school year. The average teacher salary was \$43,041. The percentage of students meeting the 2008 TAKS passing standard for all tests was 56 percent.
SAN PERLITA ISD	had 279 students in the 2007-2008 school year. The average teacher salary was \$41,937. The percentage of students meeting the 2008 TAKS passing standard for all tests was 76 percent.

Higher Education

(Fall 2008 enrollment)

Community Colleges in Willacy County:

None

Willacy County is in the service area of the following:

Texas Southmost College	with a fall 2008 enrollment of 13,490 Students.	
	Counties in the service area include	Cameron
		Willacy

Institutes of Higher Education in Willacy County with a fall 2008 enrollment

None

References

Population uses data from the following source:

U.S. Census Bureau, as of 10/1/09

Employment uses data from the following sources:

Texas Workforce Commission, as of 12/9/09

Texas Comptroller of Public Accounts, as of 11/21/09

Income uses data from the following source:

U.S. Department of Commerce-Bureau of Economic Analysis, as of 6/11/09

Industry uses data from the following sources:

Texas AgriLife Extension Service, as of 6/29/09

Railroad Commission of Texas, as of 8/21/08

Taxable Sales uses data from the following source:

Texas Comptroller of Public Accounts, as of 10/8/09

Sales Tax Allocation uses data from the following source:

Texas Comptroller of Public Accounts, as of 11/20/09

Property Tax uses data from the following source:

Texas Comptroller of Public Accounts, as of 10/27/09

State Expenditures uses data from the following source:

Texas Comptroller of Public Accounts, as of 11/21/09

Higher Education uses data from the following source:

Texas Higher Education Coordinating Board, as of 5/14/09

School Districts uses data from the following source:

Texas Education Agency, as of 1/21/09

This report was generated by Texas EDGE on 12/11/09

ATTACHMENT D
AGREEMENT

**AGREEMENT FOR LIMITATION ON APPRAISED VALUE
OF PROPERTY FOR SCHOOL DISTRICT
MAINTENANCE AND OPERATIONS TAXES**

by and between

SAN PERLITA INDEPENDENT SCHOOL DISTRICT

and

EC&R DEVELOPMENT, LLC

(Texas Taxpayer ID # 32039451532)

Dated

December 15th, 2009

TAX LIMITATION TO BE EFFECTIVE JANUARY 1, 2010

**AGREEMENT FOR LIMITATION ON APPRAISED VALUE OF PROPERTY FOR
SCHOOL DISTRICT MAINTENANCE AND OPERATIONS TAXES**

STATE OF TEXAS §

COUNTY OF WILLACY §

THIS AGREEMENT FOR LIMITATION ON APPRAISED VALUE OF PROPERTY FOR SCHOOL DISTRICT MAINTENANCE AND OPERATIONS TAXES, hereinafter referred to as this "Agreement," is executed and delivered by and between **SAN PERLITA INDEPENDENT SCHOOL DISTRICT**, hereinafter referred to as the "District," a lawfully created independent school district within the State of Texas operating under and subject to the Texas Education Code, and **EC&R DEVELOPMENT, LLC**, Texas Taxpayer Identification Number 32039451532 hereinafter referred to as the "Applicant." The Applicant and the District are hereinafter sometimes referred to individually as a "Party" and collectively as the "Parties." Certain capitalized and other terms used in this Agreement shall have the meanings ascribed to them in Section 1.3.

RECITALS

WHEREAS, on July 15, 2009, the Superintendent of Schools of the San Perlita Independent School District, acting as agent of the Board of Trustees of the District (the "Board of Trustees"), received from the Applicant an Application for Appraised Value Limitation on Qualified Property ("Application"), pursuant to Chapter 313 of the Texas Tax Code; and,

WHEREAS, the Board of Trustees has acknowledged receipt of the Application along with the requisite application fee as established pursuant to Texas Tax Code § 313.025(a)(1) and District Policy CCG (Local); and,

WHEREAS, the Application was delivered to the Texas Comptroller's Office for review pursuant to Texas Tax Code § 313.025(b); and,

WHEREAS, the Application was reviewed by the Texas Comptroller's Office pursuant to Texas Tax Code § 313.025(d); and,

WHEREAS, the Texas Comptroller of Public Accounts conducted an economic impact evaluation pursuant to Chapter 313 of the Texas Tax Code and has recommended approval of the Application; and,

WHEREAS, the Board of Trustees has reviewed the economic impact evaluation pursuant to Texas Tax Code § 313.025(e) and has carefully considered such evaluation; and,

WHEREAS, the Application was reviewed by the Willacy County Appraisal District established in Willacy County, Texas (the "Willacy County Appraisal District"), pursuant to Texas Tax Code § 6.01; and,

WHEREAS, on December 15, 2009, the Board of Trustees held a meeting on the Application; and,

WHEREAS, on December 15, 2009, the Board of Trustees made factual findings pursuant to Texas Tax Code § 313.025(f), including, but not limited to findings that: (i) the information in the Application is true and correct; (ii) this Agreement is in the best interest of the District and the State of Texas; (iii) the Applicant is eligible for the Limitation on Appraised Value of the Applicant's Qualified Property; (iv) each criterion listed in Texas Tax Code § 313.026 has been met; and, (v.) if the job creation requirement set forth in Texas Tax Code § 313.051(b) (*i.e.*, 10 jobs) was applied, for the size and scope of the project described in the Application and in **EXHIBIT 3**, the required number of jobs would exceed the industry standard for the number of employees reasonably necessary for the operation of the facility; and,

WHEREAS, on December 15, 2009, the Board of Trustees determined that the Tax Limitation Amount requested by Applicant, and as defined in Sections 1.2 and 1.3, below, is consistent with the minimum values set out by Tax Code, §§ 313.022(b) and 313.052, as such Tax Limitation Amount was computed for the effective date of this Agreement; and,

WHEREAS, on December 15, 2009, pursuant to the provisions of Texas Tax Code § 313.025(f-1), the Board of Trustees waived the job creation requirement set forth in Texas Tax Code § 313.051(b); and,

WHEREAS, on December 15, 2009, the Board of Trustees approved the form of this Agreement for a Limitation on Appraised Value of Property for School District Maintenance and Operations Taxes, and authorized the Board President and Secretary to execute and deliver such Agreement to the Applicant;

NOW, THEREFORE, for and in consideration of the premises and the mutual covenants and agreements herein contained, the Parties agree as follows:

ARTICLE I

AUTHORITY, TERM, DEFINITIONS, AND GENERAL PROVISIONS

Section 1.1. AUTHORITY

This Agreement is executed by the District as its written agreement with the Applicant pursuant to the provisions and authority granted to the District in Texas Tax Code § 313.027.

Section 1.2. TERM OF THE AGREEMENT

This Agreement shall commence and first become effective for the ad valorem property valuations of the Qualified Property and Qualified Investments made pursuant to this Agreement beginning with the tax appraisals to be made as of January 1, 2010, which date is referred to herein as the "Commencement Date." The Parties acknowledge that the limitation on the local ad valorem property values shall not commence until the valuations are made as of January 1, 2012, the second anniversary of the Commencement Date. These first two Tax Years that begin on the Commencement Date (*i.e.*, the 2010 and 2011 Tax Years), which together with the period from the date of approval until January 1, 2010 are collectively referred to herein as the "Qualifying Time Period," as that term is defined in Texas Tax Code § 313.021(4). Unless sooner terminated as provided herein, the limitation on the local ad valorem property values shall terminate on December 31, 2019. Except as otherwise provided herein, this Agreement will terminate, in full, on December 31, 2022. The termination of this Agreement shall not (i) release any obligations, liabilities, rights and remedies arising out of any breach of, or failure to comply with, this Agreement occurring prior to such termination, or (ii) affect the right of a Party to enforce the payment of any amount to which such Party was entitled before such termination or to which such Party became entitled as a result of an event that occurred before such termination, so long as the right to such payment survives said termination.

Except as otherwise provided herein, the Tax Years for which this Agreement is effective are as set forth below and set forth opposite each such Tax Year are the corresponding year in the term of this Agreement, the date of the Appraised Value determination for such Tax Year, and a summary description of certain provisions of this Agreement corresponding to such Tax Year (it being understood and agreed that such summary descriptions are for reference purposes only, and shall not affect in any way the meaning or interpretation of this Agreement):

Year of Agreement	Date of Appraisal	School Year	Tax Year	Summary Description of Provisions
1	January 1, 2010	2010-11	2010	No limitation on value. Tax credit in future years.
2	January 1, 2011	2011-12	2011	No limitation on value. Tax credit in future years.
3	January 1, 2012	2012-13	2012	\$ 10 million property value limitation.
4	January 1, 2013	2013-14	2013	\$ 10 million property value limitation. Possible tax credit due to Applicant.

Year of Agreement	Date of Appraisal	School Year	Tax Year	Summary Description of Provisions
5	January 1, 2014	2014-15	2014	\$ 10 million property value limitation. Possible tax credit due to Applicant.
6	January 1, 2015	2015-16	2015	\$ 10 million property value limitation. Possible tax credit due to Applicant.
7	January 1, 2016	2016-17	2016	\$ 10 million property value limitation. Possible tax credit due to Applicant.
8	January 1, 2017	2017-18	2017	\$ 10 million property value limitation. Possible tax credit due to Applicant.
9	January 1, 2018	2018-19	2018	\$ 10 million property value limitation. Possible tax credit due to Applicant.
10	January 1, 2019	2019-20	2019	\$ 10 million property value limitation. Possible tax credit due to Applicant.
11	January 1, 2020	2020-21	2020	No tax limitation. Possible tax credit due to Applicant. Applicant obligated to Maintain Viable Presence if no early termination.
12	January 1, 2021	2021-22	2021	No tax limitation. Possible tax credit due to Applicant. Applicant obligated to Maintain Viable Presence if no early termination.
13	January 1, 2022	2022-23	2022	No tax limitation. Possible tax credit due to Applicant. Applicant obligated to Maintain Viable Presence if no early

Year of Agreement	Date of Appraisal	School Year	Tax Year	Summary Description of Provisions
				termination.

Section 1.3. DEFINITIONS

Wherever used herein, the following terms shall have the following meanings, unless the context in which used clearly indicates another meaning, to-wit:

“Act” means the Texas Economic Development Act set forth in Chapter 313 of the Texas Tax Code, as amended.

“Affiliate” means any entity that directly or indirectly through one or more intermediaries, controls or is controlled by or is under common control with the Applicant. For purposes of this definition, control of an entity means (i) the ownership, directly or indirectly, of fifty percent (50%) or more of the voting rights in a company or other legal entity or (ii) the right to direct the management or operation of such entity whether by ownership (directly or indirectly) of securities, by contract or otherwise.

“Affiliated Group” means a group of one or more entities in which a controlling interest is owned by a common owner or owners, either corporate or non-corporate, or by one or more of the member entities.

“Agreement” means this Agreement, as the same may be modified, amended, restated, amended and restated, or supplemented from time to time in accordance with Section 8.3.

“Applicant” means EC&R Development LLC, (Texas Taxpayer ID # 32039451532), the company listed in the Preamble of this Agreement who, on July 15, 2009, filed the Application with the District for an Appraised Value Limitation on Qualified Property, pursuant to Chapter 313 of the Texas Tax Code. The term “Applicant” shall also include the Applicant’s assigns and successors-in-interest.

“Appraised Value” shall have the meaning assigned to such term in Section 1.04(8) of the Texas Tax Code.

“Applicable School Finance Law” means Chapters 41 and 42 of the Texas Education Code, the Texas Economic Development Act (Chapter 313 of the Texas Tax Code), Chapter 403, Subchapter M, of the Texas Government Code applicable to the District, and the Constitution and general laws of the State applicable to the independent school districts of the State, including specifically, the applicable rules and regulations of the agencies of the State having jurisdiction over any matters relating to the public school systems and school districts of the State, and judicial decisions construing or interpreting any of the above. The term also includes any

amendments or successor statutes that may be adopted in the future that could impact or alter the calculation of the Applicant's ad valorem tax obligation to the District, either with or without the limitation of property values made pursuant to this Agreement.

"Application" means the Application for Appraised Value Limitation on Qualified Property (Chapter 313, Subchapter B or C, of the Texas Tax Code) initially filed with the District by the Applicant on July 15, 2009.

"Appraisal District" means the Willacy County Appraisal District.

"Comptroller" means the Texas Comptroller of Public Accounts.

"Comptroller's Rules" means the applicable rules and regulations of the Comptroller set forth at Title 34 Texas Administrative Code, together with any court or administrative decisions interpreting same.

"County" means Willacy County, Texas.

"District" or "School District" means the San Perlita Independent School District, being a duly authorized and operating independent school district in the State, having the power to levy, assess, and collect ad valorem taxes within its boundaries and to which Subchapter C of the Act applies. The term also includes any successor independent school district or other successor governmental authority having the power to levy and collect ad valorem taxes for school purposes on the Applicant's Qualified Property or the Applicant's Qualified Investment.

"Force Majeure" means a failure caused by (a) provisions of law, or the operation or effect of rules, regulations or orders promulgated by any governmental authority having jurisdiction over the Applicant, the Applicant's Qualified Property or the Applicant's Qualified Investment or any upstream, intermediate or downstream equipment or support facilities as are necessary to the operation of the Applicant's Qualified Property or the Applicant's Qualified Investment; (b) any demand or requisition, arrest, order, request, directive, restraint or requirement of any government or governmental agency whether federal, state, military, local or otherwise; (c) the action, judgment or decree of any court; (d) floods, storms, hurricanes, evacuation due to threats of hurricanes, lightning, earthquakes, washouts, high water, fires, acts of God or public enemies, wars (declared or undeclared), blockades, epidemics, riots or civil disturbances, insurrections, strikes, labor disputes (it being understood that nothing contained in this Agreement shall require the Applicant to settle any such strike or labor dispute), explosions, breakdown or failure of plant, machinery, equipment, lines of pipe or electric power lines (or unplanned or forced outages or shutdowns of the foregoing for inspections, repairs or maintenance), inability to obtain, renew or extend franchises, licenses or permits, loss, interruption, curtailment or failure to obtain electricity, gas, steam, water, wastewater disposal, waste disposal or other utilities or utility services, inability to obtain or failure of suppliers to deliver equipment, parts or material, or inability of the Applicant to ship or failure of carriers to

transport electricity from the Applicant's facilities; or (e) any other cause (except financial), whether similar or dissimilar, over which the Applicant has no reasonable control and which forbids or prevents performance.

"Land" shall have the meaning assigned to such term in Section 2.2.

"Maintain Viable Presence" means the operation over the term of this Agreement of the facility or facilities for which the tax limitation is granted, as the same may from time to time be expanded, upgraded, improved, modified, changed, remodeled, repaired, restored, reconstructed, reconfigured, and/or reengineered and (ii) the retention over the term of this Agreement of not fewer than six (6) Qualifying Jobs to be located and performed within Applicant's entire Wind Energy Project that includes, but is not limited to, Applicant's Qualified Property, as set forth in the Application, with the minimum salaries required by Texas Tax Code § 313.021(3)(E).

"Maintenance and Operations Revenue" or "M&O Revenue" means (i) those revenues which the District receives from the levy of its annual ad valorem maintenance and operations tax pursuant to Texas Education Code § 45.002 and Article VII § 3 of the Texas Constitution, plus (ii) all State revenues to which the District is or may be entitled under Chapter 42 of the Texas Education Code or any other statutory provision as well as any amendment or successor statute to these provisions, plus (iii) any indemnity payments received by the District under other agreements similar to this Agreement to the extent that such payments are designed to replace District M&O Revenue lost as a result of such similar agreements, less (iv) any amounts necessary to reimburse the State of Texas or another school district for the education of additional students pursuant to Chapter 41 of the Texas Education Code.

"Market Value" shall have the meaning assigned to such term in Section 1.04(7) of the Texas Tax Code.

"Qualified Investment" has the meaning set forth in Chapter 313 of the Texas Tax Code, as interpreted by the Comptroller's Rules, as these provisions existed on the date of this Agreement, applying any specific requirements for rural school districts imposed by Subchapter C of Chapter 313 of the Texas Tax Code and by the Comptroller's Rules.

"Qualified Property" has the meaning set forth in Chapter 313 of the Texas Tax Code, as interpreted by the Comptroller's Rules and the Texas Attorney General, as these provisions existed on the date of this Agreement, applying any specific requirements for rural school districts imposed by Subchapter C of Chapter 313 of the Texas Tax Code and by the Comptroller's Rules.

"Qualifying Time Period" means the period that begins on the date the Application was approved by the District and ends on December 31 of the second Tax Year that begins after such date of approval, as is defined in Texas Tax Code § 313.021(4)(A).

"Revenue Protection Amount" means the amount calculated pursuant to Section 3.2 of this Agreement.

"State" means the State of Texas.

"Tax Credit" means the tax credit, either to be paid by the District to Applicant, or to be applied against any taxes that the school district imposes in Qualified Property, as computed under the provisions of Subchapter D of the Act, and rules adopted by the Comptroller and/or the Texas Education Agency, provided that Applicant complies with the requirements under such provisions, including the timely filing of a completed application under Texas Tax Code § 313.103 and the duly adopted administrative rules.

"Tax Limitation Amount" means the maximum amount which may be placed as the Appraised Value on Qualified Property/Qualified Investment for years three (3) through ten (10) of this Agreement pursuant to Texas Tax Code § 313.054. That is, for each of the eight (8) Tax Years 2012, 2013, 2014, 2015, 2016, 2017, 2018 and 2019, the Appraised Value of the Applicant's Qualified Investment for the District's maintenance and operations ad valorem tax purposes shall not exceed, and the Tax Limitation Amount shall be, the lesser of:

- (a) the Market Value of the Applicant's Qualified Investment; or
- (b) Ten Million Dollars (\$10,000,000.00).

This Tax Limitation Amount is based on the limitation amount for the category that applies to the District on the effective date of this Agreement, as set out by Tax Code, §313.022(b) or §313.052.

"Tax Year" shall have the meaning assigned to such term in Section 1.04(13) of the Texas Tax Code (*i.e.*, the calendar year).

"Taxable Value" shall have the meaning assigned to such term in Section 1.04(10) of the Texas Tax Code.

"Texas Education Agency Rules" means the applicable rules and regulations adopted by the Texas Commissioner of Education in relation to the administration of Chapter 313, Texas Tax Code, which are set forth at Title 19, Texas Administrative Code, together with any court or administrative decisions interpreting same.

"Wind Energy Project" means a renewable wind energy electric generation project as defined by Tex. Tax Code § 313.024(b)(5) that enters into an agreement for a limitation on appraised value pursuant to the Texas Economic Development Act (Chapter 313 of the Texas Tax Code).

ARTICLE II

PROPERTY DESCRIPTION

Section 2.1. LOCATION WITHIN A QUALIFIED REINVESTMENT OR ENTERPRISE ZONE

The Applicant's Qualified Property upon which the Applicant's Qualified Investment will be located is within an area designated as a reinvestment zone under Chapter 311 or 312 of the Texas Tax Code, or as an enterprise zone under Chapter 2303 of the Texas Government Code. The legal description of the reinvestment or enterprise zone in which the Applicant's Qualified Property is located is attached to this Agreement as **EXHIBIT 1** and is incorporated herein by reference for all purposes.

Section 2.2. LOCATION OF QUALIFIED PROPERTY

The location of the Applicant's Qualified Property upon which the Applicant's Qualified Investment will be located is described in the legal description which is attached to this Agreement as **EXHIBIT 2** and is incorporated herein by reference for all purposes. The Parties expressly agree that the boundaries of the Land may not be materially changed from its configuration described in **EXHIBIT 2** without the express authorization of each of the Parties.

Section 2.3. DESCRIPTION OF QUALIFIED INVESTMENT

The Qualified Investment and/or Qualified Property that is subject to the Tax Limitation Amount is described in **EXHIBIT 3**, which is attached hereto and incorporated herein by reference for all purposes ("Applicant's Qualified Investment"). Property which is not specifically described in **EXHIBIT 3** shall not be considered by the District or the Appraisal District to be part of the Applicant's Qualified Investment for purposes of this Agreement, unless pursuant to Texas Tax Code § 313.027(e) and Section 8.3 of this Agreement, the Board of Trustees, by official action, provides that such other property is a part of the Applicant's Qualified Investment for purposes of this Agreement.

Section 2.4. QUALIFYING USE

The Applicant's Qualified Investment described above in Section 2.3 qualifies for a tax limitation agreement under Texas Tax Code § 313.024(b)(5) as a renewable energy generation facility.

Section 2.5. APPRAISED VALUE LIMITATION

So long as Applicant makes a Qualified Investment in the amount Ten Million Dollars (\$10,000,000.00), or greater, during the Qualifying Time Period; and unless this Agreement has been terminated as provided herein before such Tax Year, for each of the eight (8) Tax Years 2012, 2013, 2014, 2015, 2016, 2017, 2018 and 2019, the Appraised Value of the Applicant's Qualified Investment for the District's maintenance and operations ad valorem tax purposes shall not exceed the lesser of:

- (a) the Market Value of the Applicant's Qualified Investment; or
- (b) Ten Million Dollars (\$10,000,000.00).

This Tax Limitation Amount is based on the limitation amount for the category that applies to the District on the effective date of this Agreement, as set out by Tax Code, §313.022(b) or §313.052.

ARTICLE III

PROTECTION AGAINST LOSS OF FUTURE DISTRICT REVENUES

Section 3.1. INTENT OF THE PARTIES

Subject to the limitations contained in this Agreement (including Section 5.1), it is the intent of the Parties that the District shall, in addition to the receipt of payments as set forth below in Article IV of this Agreement, be compensated by the Applicant for any loss that the District incurs in its Maintenance and Operations Revenue as a result of entering into this Agreement, after taking into account any payments to be made under this Agreement, other than payments as set forth in Article IV. Subject to the limitations contained in this Agreement (including Section 5.1), it is the intent of the Parties that the risk of any negative financial consequence to the District in making the decision to enter into this Agreement will be borne by the Applicant and not by the District.

Section 3.2. CALCULATING THE AMOUNT OF LOSS OF REVENUES BY THE DISTRICT

Subject to the provisions of Sections 5.1 and 5.2, the amount to be paid by the Applicant to compensate the District for loss of Maintenance and Operations Revenue resulting from this Agreement for each year during the term of this Agreement shall be determined in compliance with the Applicable School Finance Law in effect for such year and according to the following formula:

The M&O amount owed by the Applicant to District means the Original M&O Revenue *minus* the New M&O Revenue;

Where:

- i. Original M&O Revenue means the total State and local Maintenance & Operations Revenue that the District would have received for the school year under the Applicable School Finance Law had this Agreement not been entered into by the Parties and the Qualified Property and/or Qualified Investment been subject to the ad valorem maintenance & operations tax.
- ii. New M&O Revenue means the total State and local Maintenance & Operations Revenue that the District actually received for such school year.

In making the calculations required by this Section 3.2:

- i. The Taxable Value of property for each school year will be determined under the Applicable School Finance Law.
- ii. For purposes of this calculation, the tax collection rate on the Applicant's Qualified Property and/or the Applicant's Qualified Investment will be presumed to be one hundred percent (100%)
- iii. If, for any year of this Agreement, the difference between the Original M&O Revenue and the New M&O Revenue as calculated under this Section 3.2 results in a negative number, the negative number will be considered to be zero.
- iv. All calculations made for years three (3) through ten (10) of this Agreement under Section 3.2, Subsection *ii* of this Agreement will reflect the Tax Limitation Amount for such year.
- v. All calculations made under this Section 3.2 shall be made by a methodology which isolates only the revenue impact caused by this Agreement. Applicant shall not be responsible to reimburse the District for other revenue losses created by other agreements or any other factors.

Section 3.3. COMPENSATION FOR LOSS OF OTHER REVENUES

In addition to the amounts determined pursuant to Section 3.2 above, and to the extent provided in Section 6.3, the Applicant, on an annual basis, shall also indemnify and reimburse the District for the following:

- a. all non-reimbursed costs incurred by the District in paying or otherwise crediting to the account of Applicant, any applicable tax credit to which Applicant may be entitled pursuant to Chapter 313, Subchapter D of the Texas Tax Code, and for which the District does not receive reimbursement from the State pursuant to Texas Education Code § 42.2515, or other similar or successor statute.
- b. all non-reimbursed costs, certified by the District's external auditor to have been incurred by the District for extraordinary education-related expenses related to the project that are not directly funded in state aid formulas, including expenses for the purchase of portable classrooms and the hiring of additional personnel to accommodate a temporary increase in student enrollment attributable to the project.
- c. any other loss of District revenues which are or may be attributable to the payment by Applicant to or on behalf any other third party beneficiary.

Section 3.4. CALCULATIONS TO BE MADE BY THIRD PARTY

All calculations under this Agreement shall be made annually by an independent third party (the "Third Party") jointly approved each year by the District and the Applicant. If the Parties cannot agree on the Third Party, then the Third Party shall be selected by the mediator provided in Section 7.8 of this Agreement.

Section 3.5. DATA USED FOR CALCULATIONS

The calculations for payments under this Agreement shall be initially based upon the valuations placed upon the Applicant's Qualified Investment and/or the Applicant's Qualified Property by the Willacy County Appraisal District in its annual certified tax roll submitted to the District pursuant to Texas Tax Code § 26.01 on or about July 25 of each year of this Agreement. Immediately upon receipt of the valuation information by the District, the District shall submit the valuation information to the Third Party selected under Section 3.4. The certified tax roll data shall form the basis of the calculation of any and all amounts due under this Agreement. All other data utilized by the Third Party to make the calculations contemplated by this Agreement shall be based upon the best available current estimates. The data utilized by the Third Party shall be adjusted from time to time by the Third Party to reflect actual amounts, subsequent adjustments by the Willacy County Appraisal District to the District's certified tax roll or any other changes in student counts, tax collections, or other data.

Section 3.6. DELIVERY OF CALCULATIONS

On or before November 1 of each year for which this Agreement is effective, the Third Party appointed pursuant to Section 3.4 of this Agreement shall forward to the Parties a certification containing the calculations required under Sections 3.2 and/or 3.3 of this Agreement in sufficient detail to allow the Parties to understand the manner in which the calculations were

made. The Third Party shall simultaneously submit his, her or its invoice for fees for services rendered to the Parties, if any fees are being claimed. Upon reasonable prior notice, the employees and agents of the Applicant shall have access, at all reasonable times, to the Third Party's offices, personnel, books, records, and correspondence pertaining to the calculation and fee for the purpose of verification. The Third Party shall maintain supporting data consistent with generally accepted accounting practices, and the employees and agents of the Applicant shall have the right to reproduce and retain for purpose of audit, any of these documents. The Third Party shall preserve all documents pertaining to the calculation and fee for a period of three (3) years after payment. The Applicant shall not be liable for any of Third Party's costs resulting from an audit of the Third Party's books, records, correspondence, or work papers pertaining to the calculations contemplated by this Agreement or the fee paid by the Applicant to the Third Party pursuant to Section 3.7, if such fee is timely paid.

Section 3.7. PAYMENT BY APPLICANT

The Applicant shall pay any amount determined to be due and owing to the District under this Agreement on or before the January 31 next following the tax levy for each year for which this Agreement is effective. By such date, the Applicant shall also pay any amount billed by the Third Party plus any legal expenses paid by the District to its attorneys, auditors, or financial consultants for the preparation and filing of any financial reports, disclosures, or reimbursement applications filed with or sent to the State of Texas which are, or may be required under the terms of or because of the execution of this Agreement. In no year shall the Applicant be responsible for the payment of a fee to the Third Party in excess of Ten Thousand Dollars (\$10,000.00).

Section 3.8. RESOLUTION OF DISPUTES

Pursuant to Section 3.4 and Section 3.6, should the Applicant disagree with the certification containing the calculations, the Applicant may appeal the findings, in writing, to the Third Party within fifteen (15) days of receipt of the certification. Within fifteen (15) days of receipt of the Applicant's appeal, the Third Party will issue, in writing, a final determination of the certification containing the calculations. Any appeal by the Applicant of the final determination of the Third Party may be made, in writing, to the San Perlita Independent School District Board of Trustees within fifteen (15) days of the final determination.

Section 3.9. EFFECT OF PROPERTY VALUE APPEAL OR OTHER ADJUSTMENT

In the event that the Taxable Value of the Applicant's Qualified Investment and/or the Applicant's Qualified Property is changed after a final appeal of the valuation or is otherwise changed, once the determination of a new value becomes final, the calculations required by Sections 3.2 and 3.3 of this Agreement will be recomputed by the Third Party using the new valuations. Upon completion of the new calculations, the Third Party shall transmit the new calculations to the Parties. The Party owing funds to the other signatories to this Agreement shall

pay any amounts owed within thirty (30) days of receipt of the new calculations from the Third Party.

Section 3.10. EFFECT OF STATUTORY CHANGES

Notwithstanding any other provision in this Agreement, but subject to the limitations contained in Section 5.1, in the event that, by virtue of statutory changes to the Applicable School Finance Law, administrative interpretations by the Comptroller, Commissioner of Education, or the Texas Education Agency, or for any other reason attributable to statutory change, the District will receive less Maintenance and Operations Revenue, or, if applicable, will be required to increase its payment of funds to the State, because of its participation in this Agreement, Applicant shall make payments to the District, up to the revenue protection amount limit set forth in Section 5.1, that are necessary to offset any negative impact on the District as a result of its participation in this Agreement. Such calculation shall take into account any adjustments to the amount calculated for the current fiscal year that should be made in order to reflect the actual impact on the District.

ARTICLE IV

PAYMENTS IN LIEU OF TAXATION

Section 4.1. AMOUNTS EXCLUSIVE OF INDEMNITY AMOUNTS

In addition to undertaking the responsibility for the payment of all of the amounts set forth under Article III, and as consideration for the execution of this Agreement by the District, the Applicant shall also be responsible for the payments in lieu of taxation set forth in Section 4.2 or 4.3 of this Article IV. It is the express intent of the Parties that the obligation for payments in lieu of taxation under this Article IV are separate and independent of the obligation of the Applicant to pay the amounts described in Article III; provided, however, that payments under Article III and IV are, in all respects, subject to the limitations contained in Section 5.1.

Section 4.2. CALCULATION OF AMOUNT OF PAYMENTS IN LIEU OF TAXATION

- (a) For each of years three (Tax Year 2011) through thirteen (Tax Year 2021) of this Agreement, the District shall be entitled to receive as payments in lieu of taxation an amount equal to forty percent (40%) of the net tax benefit received by the Applicant as a result of this Agreement.
- (b) For purposes of Section 4.2(a), the net tax benefit shall be calculated for each of years three (Tax Year 2011) through thirteen (Tax Year 2021) of this Agreement by determining for such Tax Year (i) the amount of maintenance and operations ad valorem taxes which the Applicant would have paid to the District for such Tax Year if this Agreement had not been entered into by the Parties, (ii) adding to the

amount determined under clause (i) any Tax Credit received by the Applicant for such Tax Year, and (iii) subtracting from the sum of the amounts determined under clauses (i) and (ii) the sum of (A) all maintenance and operations ad valorem school taxes actually due to the District or any other governmental entity, including the State of Texas, for such Tax Year, plus (B) any payments due to the District under Article III for such Tax Year. The remainder (which shall not be less than zero) shall be the net tax benefit, to be divided as provided in Section 4.2(a).

- (c) The net tax benefit shall be calculated by the Third Party selected pursuant to Section 3.4.
- (d) The net tax benefit calculations shall be made at the same time and on the same schedule as the calculations made pursuant to Section 3.6.
- (e) Payment of amounts due under this Section 4.2 shall be made at the time set forth in Section 3.7.

Section 4.3. RECALCULATION OF PAYMENTS IN LIEU OF TAXATION

The Parties agree that the payment in lieu of taxation amount set forth in Section 4.2 will initially be calculated based upon the then most current estimate of tax savings to the Applicant, which will be made based upon assumptions of student counts, tax collections, and other applicable data. For each of years three (Tax Year 2011) through thirteen (Tax Year 2021) of this Agreement, the Parties shall adjust the payment in lieu of taxation based upon the following formula:

Taxable Value of the Applicant's Qualified Property for such Tax Year had this Agreement not been entered into by the Parties (i.e., the Taxable Value of the Applicant's Qualified Property used for the District's interest and sinking fund tax purposes for such Tax Year, or school taxes due to any other governmental entity, including the State of Texas, for such Tax Year);

Minus,

The Taxable Value of the Applicant's Qualified Property for such Tax Year after giving effect to this Agreement (i.e., the Taxable Value of the Applicant's Qualified Property used for the District's maintenance and operations tax purposes for such Tax Year, or school taxes due to any other governmental entity, including the State of Texas, for such Tax Year);

Multiplied by,

The District's maintenance and operations tax rate for such Tax Year, or the school tax rate of any other governmental entity, including the State of Texas, for such Tax Year;

Plus,

Any Tax Credit received by the Applicant with respect to such Tax Year;

Minus,

Any amounts previously paid to the District under Article III;

Multiplied by,

The number 0.40;

Minus,

Any amounts previously paid to the District under Sections 4.2 and 4.3 with respect to such Tax Year.

Upon completion of the new calculations, the Third Party shall transmit same to the Parties. Within thirty (30) days of receipt of the new calculations from the Third Party, the Party owing funds to the other Party shall pay any amounts owed.

Section 4.4. ANNUAL LIMITATION ON PAYMENTS IN LIEU OF TAXATION TO THE DISTRICT

- a. Beginning with year one (Tax Year 2010) of this Agreement and continuing thereafter through year thirteen (Tax Year 2022) of this Agreement, the District shall not be entitled to receive as payments in lieu of taxation, computed under Sections 4.2 and 4.3 above, an annual amount which exceeds an amount equal to \$100 per student per year in averaged daily attendance as defined by Section 42.005 of the Texas Education Code ("Annual Limit") except as set forth in Subsections b and c, below.
- b. The payments in lieu or taxation payable to the District during each year of the two year Qualifying Time Period (Tax Years 2010 and 2011) shall be Zero Dollars (\$ 0.00). The payments in lieu or taxation for years one and two, subject to the Annual Limit, shall be accrued and carried forward until the third tax year of this

Agreement (Tax Year 2012.), resulting in a payment in lieu of taxation in Tax Year 2012 of the payments in lieu of taxation accrued in years one and two plus year three, subject to each year's Annual Limit.

- c. Beginning in year four (Tax Year 2013), and for each year thereafter through year thirteen (Tax Year 2022) the Annual Limit amount shall be combined with any accrued but unpaid limit amounts under this Section 4.4 from previous years.
- d. Payments under this Section 4.4 shall be due and payable in accordance with the amounts and upon the dates set forth on the following schedule:

Tax Year	Payment Due Date	Amount
2012	January 31, 2013	\$0.00
2013	January 31, 2014	
2014	January 31, 2015	
2015	January 31, 2016	
2016	January 31, 2017	
2017	January 31, 2018	
2018	January 31, 2019	
2019	January 31, 2020	
2020	January 31, 2021	
2021	January 31, 2022	
2022	January 31, 2023	

Section 4.5. DUE DATE OF PAYMENTS

All amounts owed by the Applicant to the District for a Tax Year under this Article IV shall be paid on the same date established by Section 3.7 for such Tax Year.

ARTICLE V

ANNUAL LIMITATION OF PAYMENTS BY APPLICANT

SECTION 5.1. ANNUAL LIMITATION AFTER FIRST THREE YEARS

Notwithstanding anything contained in this Agreement to the contrary, and with respect to each Tax Year during the term of this Agreement after the 2013 Tax Year, in no event shall (i) the sum of the maintenance and operations ad valorem taxes paid by the Applicant to the District for such Tax Year, plus the sum of all payments otherwise due from the Applicant to the District under Article III and IV, but subject to the limit set forth in Section 4.4, with respect to such Tax Year exceed (ii) the amount of the maintenance and operations ad valorem taxes that the Applicant would have paid to the District for such Tax Year (determined by using the District's actual maintenance and operations tax rate for such Tax Year) if the Parties had not entered into this Agreement. The calculation and comparison of the amounts described in clauses (i) and (ii) of the preceding sentence shall be included in all calculations made pursuant to Section 3.4, and in the event the sum of the amounts described in said clause (i) exceeds the amount described in said clause (ii), then the payments otherwise due from the Applicant to the District under Article III and IV shall be reduced until such excess is eliminated.

Section 5.2. OPTION TO CANCEL AGREEMENT

In the event that any payment otherwise due from the Applicant to the District under Article III and/or IV, but subject to the limit set forth in Section 4.4, with respect to a Tax Year is subject to reduction in accordance with the provisions of Section 5.1 above, then the Applicant shall have the option to terminate this Agreement. The Applicant may exercise such option to cancel this Agreement by notifying the District of its election in writing not later than the July 31 of the year next following the Tax Year with respect to which a reduction under Section 5.1 is applicable. Any cancellation of this Agreement under the foregoing provisions of this Section 5.2 shall be effective immediately prior to the second Tax Year next following the Tax Year in which the reduction giving rise to the option occurred. Upon such termination this Agreement shall terminate and be of no further force or effect; provided, however, that the Parties respective rights and obligations under this Agreement with respect to the Tax Year or Tax Years (as the case may be) through and including the Tax Year during which such notification is delivered to the District, shall not be impaired or modified as a result of such termination and shall survive such termination unless and until satisfied and discharged.

ARTICLE VI

TAX CREDITS

Section 6.1. APPLICANT'S ENTITLEMENT TO TAX CREDITS

The Applicant shall be entitled to tax credits from the District under and in accordance with the provisions of Subchapter D of the Act and Comptroller Rules, provided that the Applicant complies with the requirements under such provisions, including the filing of a completed Application under Section 313.103 of the Texas Tax Code and Comptroller Rules.

Section 6.2. DISTRICT'S OBLIGATIONS WITH RESPECT TO TAX CREDITS

The District shall timely comply and shall cause the District's collector of taxes to timely comply with their obligations under Subchapter D of the Act and Comptroller Rules, including, but not limited to, such obligations set forth in Section 313.104 of the Texas Tax Code and either Comptroller and/or Texas Education Agency Rules .

Section 6.3. COMPENSATION FOR LOSS OF TAX CREDIT PROTECTION REVENUES

If after the Applicant has actually received the benefit of a tax credit under Section 6.1, the District does not receive aid from the State pursuant to Texas Education Code § 42.2515 or other similar or successor statute with respect to all or any portion of such tax credit for reasons other than the District's failure to comply with the requirements for obtaining such aid, then the District shall notify the Applicant in writing thereof and the circumstances surrounding the State's failure to provide such aid to the District. The Applicant shall pay to the District the amount of such tax credit for which the District did not receive such aid within thirty (30) calendar days after receipt of such notice, and such payment shall be subject to the same provisions for late payment as are set forth in Sections 7.5 and 7.6. If the District receives aid from the State for all or any portion of a tax credit with respect to which the Applicant has made a payment to the District under this Section 6.3, then the District shall pay to the Applicant the amount of such aid within thirty (30) calendar days after the District's receipt thereof.

ARTICLE VII

ADDITIONAL OBLIGATIONS OF APPLICANT

Section 7.1. DATA REQUESTS

During the term of this Agreement, and upon the written request of one Party (the "Requesting Party"), the other Party shall provide the Requesting Party with all information reasonably necessary for the Requesting Party to determine whether the other Party is in compliance with its obligations under this Agreement. The Applicant shall allow authorized employees of the District and/or the Willacy County Appraisal District to have access to the

Applicant's Qualified Property during the term of this Agreement, in order to inspect the project to determine compliance with the terms hereof or as necessary to properly appraise the Taxable Value of the Applicant's Qualified Property and any other tangible property on the premises. All inspections will be made at a mutually agreeable time after the giving of not less than forty-eight (48) hours prior written notice, and will be conducted in such a manner so as not to unreasonably interfere with either the construction or operation of the Applicant's Qualified Property. All inspections may be accompanied by one or more representatives of the Applicant, and shall be conducted in accordance with the Applicant's safety, security, and operational standards. Notwithstanding the foregoing, nothing contained in this Agreement shall require the Applicant to provide the District or the Willacy County Appraisal District with any technical or business information that is private personnel data, proprietary, a trade secret or confidential in nature or is subject to a confidentiality agreement with any third party.

Section 7.2. REPORTS TO OTHER GOVERNMENTAL AGENCIES

Applicant shall timely make any and all reports that are or may be required under the provisions of law or administrative regulation, including but not limited to the annual report or certifications that may be required to be submitted by the Applicant to the Texas Comptroller of Public Accounts under the provisions of Texas Tax Code § 313.032. Applicant shall forward a copy of all such required reports or certifications to the District contemporaneously with the filing thereof. The obligation to make all such required filings shall be a material obligation under this Agreement.

Section 7.3 SUPPORT FOR DISTRICT TECHNICAL TRAINING PROGRAM

Applicant shall, during the entire course of this Agreement, provide support for the District's technical training program for the education and development of technical skills necessary for individuals seeking employment in the wind energy industry. Such support shall, at a minimum, consist of:

- (a) Conferring with the District for the purpose of identifying opportunities for employees of Applicant to participate in technical training programs operated by the District for the benefit of its students, and programs sponsored by the District;
- (b) Disseminating technical information, at conferences with Applicant's employees to enhance the relevance of the District's training program;
- (c) Providing a reasonable opportunity for groups of students of the District to make Applicant sponsored tours of its facilities at times convenient to Applicant and the District and consistent with Applicant's safety and security policies; and,
- (d) Considering qualified graduates of the District's technical training program and/or graduates of programs sponsored by the District for available positions with Applicant.

Section 7.4. APPLICANT'S OBLIGATION TO MAINTAIN VIABLE PRESENCE

By entering into this Agreement, the Applicant warrants that:

- (a) it will abide by all of the terms of the Agreement;
- (b) it will Maintain Viable Presence in the District through the termination date of this Agreement. Notwithstanding anything contained in this Agreement to the contrary, the Applicant shall not be in breach of, and shall not be subject to any liability for failure to Maintain Viable Presence to the extent such failure is caused by Force Majeure (as hereinafter defined), provided the Applicant makes commercially reasonable efforts to remedy the cause of such Force Majeure; and,
- (c) it will meet minimum eligibility requirements under Tax Code, Chapter 313 throughout the value limitation and tax-credit settle-up periods.

Section 7.5. CONSEQUENCES OF EARLY TERMINATION OR OTHER BREACH BY APPLICANT

(a) In the event that the Applicant terminates this Agreement without the consent of the District, except as provided in Section 5.2, or in the event that the Applicant or its successor-in-interest fails to comply in any material respect with the terms of this Agreement or to meet any material obligation under this Agreement, after the notice and cure period provided by Section 7.7, then the District shall be entitled to the recapture of all ad valorem tax revenue lost as a result of this Agreement together with the payment of penalty and interest, as calculated in accordance with Section 7.6, on that recaptured ad valorem tax revenue. For purposes of this recapture calculation, the Applicant shall be entitled to a credit for all payments made to the District pursuant to Article III. Applicant shall also be entitled to a credit for any amounts paid to the District pursuant to Article IV.

(b) Notwithstanding Section 7.5(a), in the event that the District determines that the Applicant has failed to Maintain Viable Presence and provides written notice of termination of the Agreement, then the Applicant shall pay to the District liquidated damages for such failure within thirty (30) days after receipt of such termination notice. The sum of liquidated damages due and payable shall be the sum total of the District ad valorem taxes for all of the Tax Years for which a Tax Limitation was granted pursuant to this Agreement prior to the year in which the default occurs that otherwise would have been due and payable by the Applicant to the District without the benefit of this Agreement, including penalty and interest, as calculated in accordance with Section 7.6. For purposes of this liquidated damages calculation, the Applicant shall be entitled to a credit for all payments made to the District pursuant to Article III. The Applicant shall also be entitled to a credit for any amounts paid to the District pursuant to Article IV. Upon payment

of such liquidated damages, Applicant's obligations under this Agreement shall be deemed fully satisfied, and such payment shall constitute the District's sole remedy.

Section 7.6. CALCULATION OF PENALTY AND INTEREST

In determining the amount of penalty or interest, or both, due in the event of a breach of this Agreement, the District shall first determine the base amount of recaptured taxes owed less all credits under Section 7.5 for each Tax Year during the term of this Agreement since the Commencement Date. The District shall calculate penalty or interest for each Tax Year during the term of this Agreement since the Commencement Date in accordance with the methodology set forth in Chapter 33 of the Texas Tax Code, as if the base amount calculated for such Tax Year less all credits under Section 7.5 had become due and payable on February 1 of the calendar year following such Tax Year. Penalties on said amounts shall be calculated in accordance with the methodology set forth in Texas Tax Code § 33.01(a), or its successor statute. Interest on said amounts shall be calculated in accordance with the methodology set forth in Texas Tax Code § 33.01(c), or its successor statute.

Section 7.7. DETERMINATION OF BREACH

(a) Prior to making a determination that the Applicant has failed to Maintain Viable Presence in the District as required by Section 7.4 of this Agreement, or has otherwise committed a material breach of this Agreement, the District shall provide the Applicant with a written notice of the facts which it believes have caused the material breach of this Agreement, and if cure is possible, the cure proposed by the District. In the case of a notice of payment default, Applicant shall have thirty (30) days in which to tender payment, unless it notifies the District within fifteen (15) days after receipt of such notice that it disputes the District's determination of payment default, in which case the dispute shall be settled in the manner set out in Section 7.7(c). For a material breach other than payment default, after receipt of the notice, Applicant shall be given sixty (60) days to present any facts or arguments to the Board of Trustees showing that it is not in material breach of its obligations under the Agreement, or that it has cured or undertaken to cure any such material breach.

(b) If the Board of Trustees is not satisfied with such response and/or that such breach has been cured, then the Board of Trustees shall, after reasonable notice to the Applicant, conduct a hearing called and held for the purpose of determining whether such breach has occurred and, if so, whether such breach has been cured. At any such hearing, the Applicant shall have the opportunity, together with their counsel, to be heard before the Board of Trustees. At the hearing, the Board of Trustees shall make findings as to whether or not a material breach of this Agreement has occurred, the date such breach occurred, if any, and whether or not any such breach has been cured. In the event that the Board of Trustees determines that such a breach has occurred and has not been cured, it shall also determine the amounts of recaptured taxes under Section 7.5 (net of all credits under Section 7.5), and the amount of any penalty and/or interest under Section 7.6 that are owed to the District.

(c) After making its determination regarding any alleged breach, the Board of Trustees shall cause the Applicant to be notified in writing of its determination.

Section 7.8. DISPUTE RESOLUTION

(a) After receipt of notice of the Board of Trustee's determination of a material breach under Section 7.7, the Applicant shall have thirty (30) days in which either to tender payment or evidence of its efforts to cure, or to initiate mediation of the dispute by written notice to the District, in which case the District and the Applicant shall be required to make a good faith effort to resolve, without resort to litigation and within sixty (60) days after the Applicant's receipt of notice of the Board of Trustee's determination of breach under Section 7.7, such dispute through mediation with a mutually agreeable mediator and at a mutually convenient time and place for the mediation. If the Parties are unable to agree on a mediator, a mediator shall be selected by the senior state district court judge then residing in Willacy County, Texas. The Parties agree to sign a document that provides the mediator and the mediation will be governed by the provisions of Chapter 154 of the Texas Civil Practice and Remedies Code and such other rules as the mediator shall prescribe. With respect to such mediation, (i) the District shall bear one-half of such mediator's fees and expenses and the Applicant shall bear one-half of such mediator's fees and expenses, and (ii) otherwise each Party shall bear all of its costs and expenses (including attorneys' fees) incurred in connection with such mediation.

(b) In the event that any mediation is not successful in resolving the dispute or that payment is not received before the expiration of such sixty (60) days, the District shall have the remedies for the collection of the amounts determined under Section 7.7 as are set forth in Texas Tax Code Chapter 33, Subchapters B and C, for the collection of delinquent taxes. In the event that the District successfully prosecutes legal proceedings under this section, the Applicant shall also be responsible for the payment of attorney's fees and a tax lien on the Applicant's Qualified Property and the Applicant's Qualified Investment pursuant to Texas Tax Code § 33.07 to the attorneys representing the District pursuant to Texas Tax Code § 6.30.

(c) Subject to Section 7.10, in any event where a dispute between the District and the Applicant under this Agreement cannot be resolved by the Parties, either the District or the Applicant may seek a judicial declaration of their respective rights and duties under this Agreement or otherwise, in any judicial proceeding, assert any rights or defenses, or seek any remedy in law or in equity, against the other Party with respect to any claim relating to any breach, default, or nonperformance of any covenant, agreement or undertaking made by a Party pursuant to this Agreement.

Section 7.9. LIMITATION OF OTHER DAMAGES

(a) Notwithstanding anything contained in this Agreement to the contrary, in the event of default or breach of this Agreement by the Applicant, the District's damages for such a default

shall under no circumstances exceed the greater of either any amounts calculated under Sections 7.5 and 7.6 above, or the monetary sum of the difference between the payments and credits due and owing to the Applicant at the time of such default and the District taxes that would have been lawfully payable to the District had this Agreement not been executed. In addition, the District's sole right of equitable relief under this Agreement shall be its right to terminate this Agreement.

(b) The Parties further agree that the limitation of damages and remedies set forth in this Section 7.9 shall be the sole and exclusive remedies available to the District, whether at law or under principles of equity.

Section 7.10. BINDING ON SUCCESSORS

In the event of a merger or consolidation of the District with another school district or other governmental authority, this Agreement shall be binding on the successor school district or other governmental authority.

ARTICLE VIII

MISCELLANEOUS PROVISIONS

Section 8.1. INFORMATION AND NOTICES

Unless otherwise expressly provided in this Agreement, all notices required or permitted hereunder shall be in writing and deemed sufficiently given for all purposes hereof if (i) delivered in person, by courier (e.g., by Federal Express) or by registered or certified United States Mail to the Party to be notified, with receipt obtained, or (ii) sent by facsimile transmission, with "answer back" or other "advice of receipt" obtained, in each case to the appropriate address or number as set forth below. Each notice shall be deemed effective on receipt by the addressee as aforesaid; provided that, notice received by facsimile transmission after 5:00 p.m. at the location of the addressee of such notice shall be deemed received on the first business day following the date of such electronic receipt.

Notices to the District shall be addressed as follows:

Superintendent Albert A. Peña, IV
SAN PERLITA INDEPENDENT SCHOOL DISTRICT
22987 Trojan Drive
San Perlita, Texas 78590
Fax: 956-248-5561
Email: apena@spisd.org

or at such other address or to such other facsimile transmission number and to the attention of such other person as the District may designate by written notice to the Applicant.

Notices to the Applicant shall be addressed to:

EC&R Development, LLC

Attn: Development Manager (Magic Valley Wind Farm)

812 San Antonio Street, Suite 201

Austin, Texas 78701

Fax: (512) 494-9581

E-mail: patrick.woodson@eon.com or tami.hart@eon.com

or at such other address or to such other facsimile transmission number and to the attention of such other person as the Applicant may designate by written notice to the District.

Section 8.2. EFFECTIVE DATE, TERMINATION OF AGREEMENT

- (a) This Agreement shall be and become effective on January 1, 2010, the effective date upon which the tax limitation agreement is first made effective by the District.
- (b) The obligation to Maintain Viable Presence under this Agreement shall remain in full force and effect through the termination in full date established in Section 1.2 of this Agreement.
- (c) In the event that Applicant fails to make a Qualified Investment in the amount of Ten Million Dollars (\$10,000,000.00), or greater, during the Qualifying Time Period, this Agreement shall become null and void on December 31, 2011.

Section 8.3. AMENDMENTS TO AGREEMENT; WAIVERS

This Agreement may not be modified or amended except by an instrument or instruments in writing signed by all of the Parties. Waiver of any term, condition or provision of this Agreement by any Party shall only be effective if in writing and shall not be construed as a waiver of any subsequent breach of, or failure to comply with, the same term, condition or provision, or a waiver of any other term, condition or provision of this Agreement. Pursuant to Comptroller's Rule 9.1055, and subject to Section 2.3, by official action of the Board of Trustees, this Agreement may be amended to include, in the Applicant's Qualified Investment, additional or replacement Qualified Property not specified in EXHIBIT 3, provided that the Applicant reports to the District, the Comptroller, and the Appraisal District, in the same format, style, and presentation as the Application, all relevant investment, value, and employment information that is related to the additional property. Any amendment of the Agreement adding additional or replacement Qualified Property pursuant to this Section 8.3 shall, pursuant to Comptroller's Rule 9.1055, (1) require that all property added by amendment be eligible property as defined by Tax Code, §313.024; (2) clearly distinguish the property, investment, and employment information

added by amendment from the property, investment, and employment information in the original Agreement; and (3) define minimum eligibility requirements for the recipient of limited value. This Agreement may not be amended to extend the value limitation time period.

Section 8.4. ASSIGNMENT

This Agreement may not be assigned by Applicant without the approval of the District, except that the Applicant may, without the District's consent, assign its rights and responsibilities under this Agreement to any person who acquires all or any portion of Applicant's interest in the Qualified Property, including a person who proposes to construct, acquire, operate or otherwise place in service, Qualified Property listed in Exhibit 3 which Applicant has not constructed or acquired as of the date of the assignment. Applicant shall give written notice of any such assignment to the District, whereupon the District shall cause any property taxes applicable to the interest in the Qualified Property acquired by the assignee to be assessed separately to such assignee. Any assignment, including without limitation an assignment to an assignee acquiring an interest in the Qualified Property, shall require that all conditions and obligations in this Agreement applying to the interest acquired by the assignee shall be assumed by the assignee, and upon such assumption, Applicant (or any other partial assignee not a part of the assignment in question) shall have no further rights, duties or obligations under the Agreement to the extent such rights, duties or obligations apply to the interest acquired by the assignee. No assignment can be made if (a) there exists a default hereunder, declared by the District, that has not been cured, or (b) the assignee is delinquent in the payment of ad valorem taxes owed to the District or any other taxing jurisdiction in Willacy County, Texas. Approval by the District shall not be unreasonably withheld, conditioned or delayed. The parties hereto agree that a transfer of all or a portion of member interest or other ownership interest in Applicant to a third party shall not be considered an assignment under the terms of this Agreement.

Section 8.5. MERGER

This Agreement contains all of the terms and conditions of the understanding of the Parties relating to the subject matter hereof. All prior negotiations, discussions, correspondence, and preliminary understandings between the Parties and others relating hereto are superseded by this Agreement.

Section 8.6. MAINTENANCE OF COUNTY APPRAISAL DISTRICT RECORDS

When appraising the Applicant's Qualified Property and the Applicant's Qualified Investment subject to a limitation on Appraised Value under this Agreement, the Chief Appraiser of the Willacy County Appraisal District shall determine the Market Value thereof and include both such Market Value and the appropriate value thereof under this Agreement in its appraisal records.

Section 8.7. GOVERNING LAW

This Agreement and the transactions contemplated hereby shall be governed by and interpreted in accordance with the laws of the State of Texas without giving effect to principles thereof relating to conflicts of law or rules that would direct the application of the laws of another jurisdiction. Venue in any legal proceeding shall be in Willacy County, Texas.

Section 8.8. AUTHORITY TO EXECUTE AGREEMENT

Each of the Parties represents and warrants that its undersigned representative has been expressly authorized to execute this Agreement for and on behalf of such Party.

Section 8.9. SEVERABILITY

If any term, provision or condition of this Agreement, or any application thereof, is held invalid, illegal or unenforceable in any respect under any Law (as hereinafter defined), this Agreement shall be reformed to the extent necessary to conform, in each case consistent with the intention of the Parties, to such Law, and to the extent such term, provision or condition cannot be so reformed, then such term, provision or condition (or such invalid, illegal or unenforceable application thereof) shall be deemed deleted from (or prohibited under) this Agreement, as the case may be, and the validity, legality and enforceability of the remaining terms, provisions and conditions contained herein (and any other application such term, provision or condition) shall not in any way be affected or impaired thereby. Upon such determination that any term or other provision is invalid, illegal or incapable of being enforced, the Parties hereto shall negotiate in good faith to modify this Agreement in an acceptable manner so as to effect the original intent of the Parties as closely as possible to the end that the transactions contemplated hereby are fulfilled to the extent possible. As used in this Section 8.9, the term "Law" shall mean any applicable statute, law (including common law), ordinance, regulation, rule, ruling, order, writ, injunction, decree or other official act of or by any federal, state or local government, governmental department, commission, board, bureau, agency, regulatory authority, instrumentality, or judicial or administrative body having jurisdiction over the matter or matters in question.

Section 8.10. PAYMENT OF EXPENSES

Except as otherwise expressly provided in this Agreement, or as covered by the application fee, each of the Parties shall pay its own costs and expenses relating to this Agreement, including, but not limited to, its costs and expenses of the negotiations leading up to this Agreement, and of its performance and compliance with this Agreement.

Section 8.11. INTERPRETATION

When a reference is made in this Agreement to a Section, Article or Exhibit, such reference shall be to a Section or Article of, or Exhibit to, this Agreement unless otherwise

indicated. The headings contained in this Agreement are for reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement. The words "include," "includes" and "including" when used in this Agreement shall be deemed in such case to be followed by the phrase " , but not limited to, ". Words used in this Agreement, regardless of the number or gender specifically used, shall be deemed and construed to include any other number, singular or plural, and any other gender, masculine, feminine or neuter, as the context shall require. This Agreement is the joint product of the Parties and each provision of this Agreement has been subject to the mutual consultation, negotiation and agreement of each Party and shall not be construed for or against any Party.

Section 8.12. EXECUTION OF COUNTERPARTS

This Agreement may be executed in multiple counterparts, each of which shall be deemed an original, and all of which, taken together, shall constitute but one and the same instrument, which may be sufficiently evidenced by one counterpart.

Section 8.13. PUBLICATION OF DOCUMENTS

The Parties acknowledge that the District is required to publish the Application and its required schedules, or any amendment thereto; all economic analyses of the proposed project submitted to the District; the approved and executed copy of this Agreement or any amendment thereto; and each application requesting tax credits under Tex. Tax Code § 313.103, as follows:

- a. Within seven days of such document, the school district shall submit a copy to the Comptroller for Publication on the Comptroller's Internet website.
- b. District shall provide on its website a link to the location of those documents posted on the Comptroller's website.
- c. This Section does not require the Publication of information that is confidential under Tex. Tax Code § 313.028.

(Signature page follows.)

IN WITNESS WHEREOF, this Agreement has been executed by the Parties in multiple originals on this _____th day of _____, 2009.

EC&R DEVELOPMENT, LLC

**SAN PERLITA INDEPENDENT SCHOOL
DISTRICT**

By: _____

PATRICK WOODSON
Senior Vice President
EC&R Development, LLC

By: _____

MELISSA GUADIANA
President
Board of Trustees

ATTEST:

MAGGIE SEPULVEDA
Secretary
Board of Trustees

IN WITNESS WHEREOF, this Agreement has been executed by the Parties in multiple originals on this 15th day of Dec, 2009.

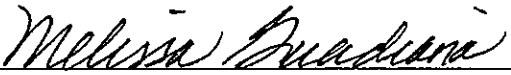
EC&R DEVELOPMENT, LLC

**SAN PERLITA INDEPENDENT SCHOOL
DISTRICT**

By: _____

PATRICK WOODSON
Senior Vice President
EC&R Development, LLC

By: _____



MELISSA GUADIANA
President
Board of Trustees

ATTEST:



MAGGIE SEPULVEDA
Secretary
Board of Trustees

EXHIBIT 1

DESCRIPTION OF QUALIFIED REINVESTMENT ZONE

The *Magic Valley Reinvestment Zone No. 1* was originally created on July 13, 2009 by action of the Willacy County Commissioner's Court. On August 10, 2008, the Willacy County Commissioner's Court by way of an Order Nunc Pro Tunc corrected clerical errors in the original legal description of the *Magic Valley Reinvestment Zone No. 1*. As a result of the action of the Willacy County Commissioner's Court, the *Magic Valley Reinvestment Zone No. 1*, a map of which is attached as the last page of this EXHIBIT 1, includes real property within unincorporated Willacy County, Texas, more specifically the following property and tracks:

The real property in Willacy County, being all of the Lots in the Withers Tract Subdivision; all of the Lots in Blocks 83, 82, 81, 80, 79, 78, 77, 76, 75, 74, 73, 72, 71, 70, 69, 68, 63, 62, 61, 60, 59, 58, 57, 56, 55, 54, 53, 52, 51, 50, 49, 48 of the Gulf Coast Irrigation Company's Subdivision; Lots 5, 6, 7, 8 of Block 67 of the Gulf Coast Irrigation Company's Subdivision; Lots 1, 2, 4, 5, 6, 7, 8, 13, 14 of Block 64 of the Gulf Coast Irrigation Company's Subdivision; Lots 1, 2, 7, 8, 9, 10, 16 of Block 47 of the Gulf Coast Irrigation Company's Subdivision; all of Lots in Hardin & Gill Subdivision out of Share #16; all of Lots in Hardin & Gill Subdivision out of Share #61; all of Lots in Hardin & Gill Subdivision out of Share #64; all of the Lots in Blocks 1,2,3,4, of the E. F. Hubmer Subdivision; all of the Lots in Share #64; all of the Lots in Share #36; all of the Lots in the Sombrerito Ranch Subdivision out of Share #64; all of the Lots in Blocks 1, 2, 3, 4 of the E. H. Beise Subdivision; all of the Lots in Blocks 1, 2, 3, 4 of the Raymondville Subdivision; all of the Lots in the Engleman #1 Subdivision; all of the Lots in the Engleman #2 Subdivision; all of the Lots in the Nile Orchard Subdivision; and Lots 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14, 15, 16, 17, 18, 19, 20, 21, 22, 23, 24, 25, 26, 27, 28, 29, 30, 31, 32, 33, 34 of the Wetzel Subdivision.

**A Resolution and Order Approving Designation of
Magic Valley Reinvestment Zone No. 1**

The Commissioners' Court of Willacy County, Texas, meeting in regular session on July 13, 2009, considered the following resolution:

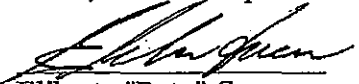
WHEREAS, Willacy County, Texas considered the creation of the Magic Valley Reinvestment Zone No. 1 (the "Zone");

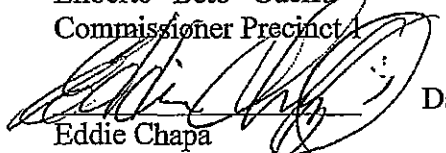
WHEREAS, the County has determined that the designation of the Zone will contribute to the retention or expansion of primary employment and will attract major investment in the Zone that will benefit the Zone and will contribute to the economic development of the County;

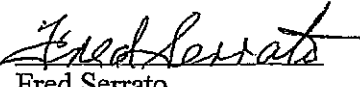
BE IT ORDERED BY THE COMMISSIONERS' COURT OF WILLACY COUNTY, TEXAS AS FOLLOWS:

1. That the County designates the property located in Willacy County, having the boundary description in Exhibit A and shown on the map in Exhibit B, both attached to this Order, as the Magic Valley Reinvestment Zone No. 1 ("the Zone"), under the Willacy County Guidelines and Criteria for Granting Tax Abatements, having determined that the designation will contribute to the retention or expansion of primary employment and will attract major investment in the Zone and will contribute to the economic development of the County, and
2. That the County declare eligible for property tax abatement all property eligible for commercial-industrial development, now or thereafter located in that Zone as authorized by the Willacy County Guidelines and Criteria for Granting Tax Abatements in Reinvestment Zones and Chapter 312 of the Texas Tax Code.
3. That the zone shall be called "Magic Valley Reinvestment Zone No. 1."

PASSED AND APPROVED at this public hearing of the Willacy County Commissioners' Court, at which a quorum was present, on the 13th day of July, 2009.

 Date: 7-13-09
Eliberto "Beto" Guerra
Commissioner Precinct 1

 Date: 7-13-09
Eddie Chapa
Commissioner Precinct 2

 Date: 7-13-09
Fred Serrato
Commissioner Precinct 3

AG Date: 7-13-09
Aurelio "Keeter" Guerra, Jr.
Presiding Officer of the Commissioners' Court
Commissioner Precinct 4

ATTESTED: Terry Flores Date: 7-13-09, Terry Flores, County
Clerk
by Maria L Longoria, Deputy Clerk



Exhibit A

Legal Description of Reinvestment Zone

The real property in Willacy County, being all of the Lots in the Withers Tract Subdivision;

all of the Lots in Blocks 83, 82, 81, 80, 79, 78, 77, 76, 75, 74, 73, 72, 71, 70, 69, 68, 63, 62, 61, 60, 59, 58, 57, 56, 55, 54, 53, 52, 51, 50, 49, 48 of the Gulf Coast Irrigation Company's Subdivision;

Lots 5, 6, 7, 8 of Block 67 of the Gulf Coast Irrigation Company's Subdivision;

Lots 1, 2, 4, 5, 6, 7, 8, 13, 14 of Block 64 of the Gulf Coast Irrigation Company's Subdivision;

Lots 1, 2, 7, 8, 9, 10, 16 of Block 47 of the Gulf Coast Irrigation Company's Subdivision;

all of Lots in Hardin & Gill Subdivision out of Share #16;

all of Lots in Hardin & Gill Subdivision out of Share #61;

all of Lots in Hardin & Gill Subdivision out of Share #64;

all of the Lots in Blocks 1, 2, 3, 4, of the E. F. Hubmer Subdivision;

all of the Lots in Share #64;

all of the Lots in Share #36;

all of the Lots in the Sombrerito Ranch Subdivision out of Share #64;

all of the Lots in Blocks 1, 2, 3, 4 of the E. H. Beise Subdivision;

all of the Lots in Blocks 1, 2, 3, 4 of the Raymondville Subdivision;

all of the Lots in the Engleman #1 Subdivision;

all of the Lots in the Engleman #2 Subdivision;

all of the Lots in the Nile Orchard Subdivision; and

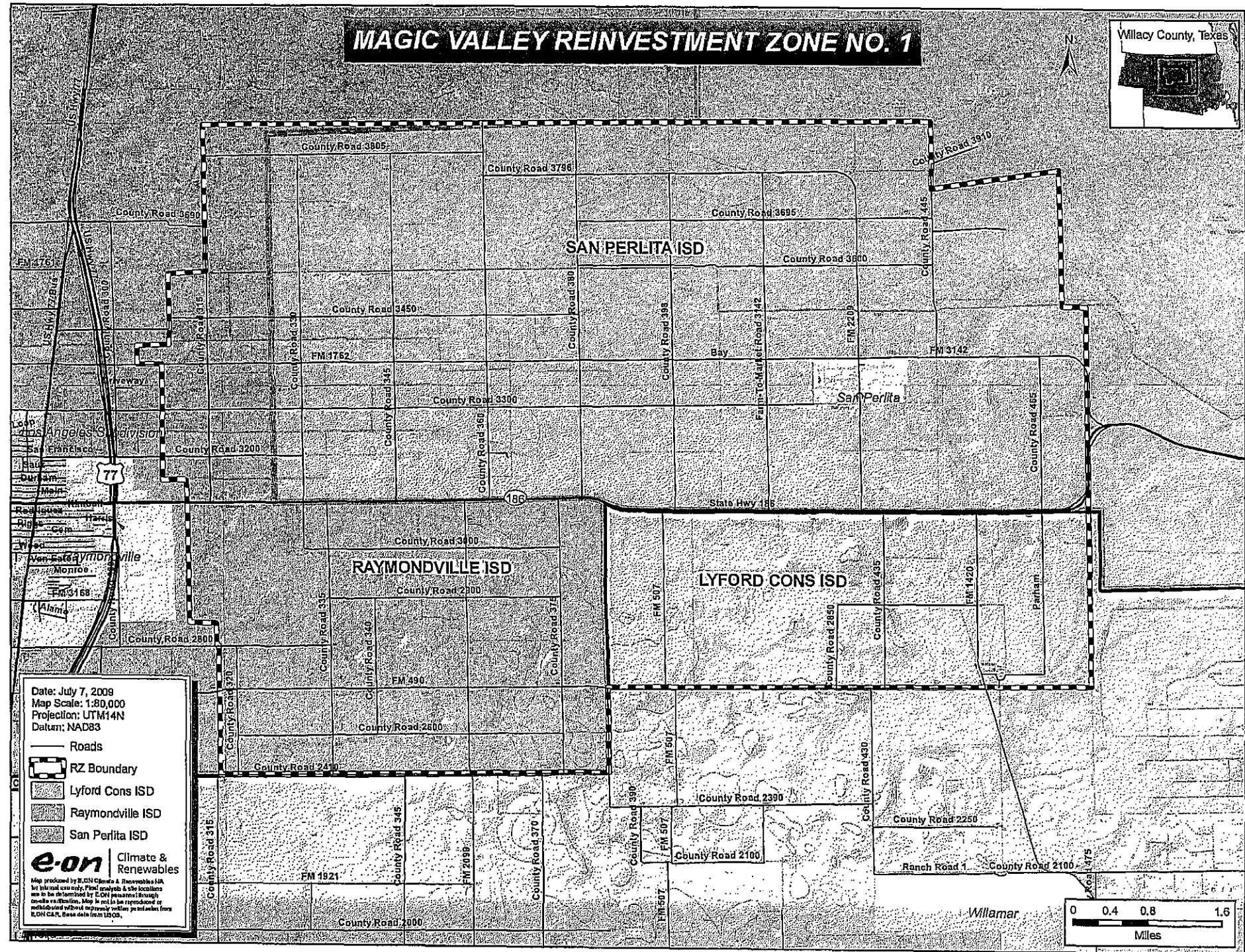
Lots 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14, 15, 16, 17, 18, 19, 20, 21, 22, 23, 24, 25, 26, 27, 28, 29, 30, 31, 32, 33, 34 of the Wetzel Subdivision.

Exhibit B

Map of Reinvestment Zone

MAGIC VALLEY REINVESTMENT ZONE NO. 1

Willacy County, Texas

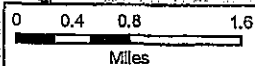


Date: July 7, 2009
 Map Scale: 1:80,000
 Projection: UTM14N
 Datum: NAD83

- Roads
- RZ Boundary
- Lyford Cons ISD
- Raymondville ISD
- San Perlita ISD

e-on Climate & Renewables

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Order re Ratification, Correction, § Commissioners' Court
Confirmation and Designation of §
Magic Valley Reinvestment Zone No. 1 § Willacy County, Texas

**Order Nunc Pro Tunc for Ratification, Correction, Confirmation and Designation
of
Magic Valley Reinvestment Zone No. 1**

The Commissioners' Court of Willacy County, Texas, meeting in regular session on the 10th day of August, 2009, considered the following resolution:

WHEREAS, on or about July 13, 2009, after conducting a public hearing on the matter, the Willacy County Commissioners' Court passed and approved an order designating certain property located in Willacy County as a Reinvestment Zone under Chapter 312 of the Texas Tax Code to be called the "Magic Valley Reinvestment Zone No. 1" (the "Reinvestment Zone").

WHEREAS, the public notice, the posted agenda for the July 13, 2009 Commissioners' Court meeting, and the Resolution Designating the Reinvestment Zone contained certain inconsistencies and clerical errors with respect to the real property to be included within the Reinvestment Zone. More specifically, the Resolution Designating the Reinvestment Zone entered by the clerk includes the correct legal description of Reinvestment Zone, which is also attached as Exhibit A to this Resolution. However, the public notice and the agenda for the July 13, 2009 Commissioners' Court meeting contained certain omissions and clerical errors including incorrectly describing "all of the Lots in Share #36" (property that is included in the Reinvestment Zone) as "all of the Lots in Share #34" (property that is not included in the Reinvestment Zone). The correct legal description for the Reinvestment Zone is accurately described in the Resolution Designating the Reinvestment Zone dated July 13, 2009, and is also attached as Exhibit A to this Order.

NOW THEREFORE, after due consideration and examination of the public notice, the posted agenda for the July 13, 2009 Commissioners' Court meeting, and the Resolution Designating the Reinvestment Zone dated July 13, 2009, passed and approved by the Court, the Court finds that certain inconsistencies and clerical errors with respect to the real property to be included within the Reinvestment Zone, and that such inconsistencies and clerical errors should be corrected.

THEREFORE, be it further resolved that the Willacy County Commissioners' Court resolves to make this order nunc pro tunc correcting any inconsistencies and clerical errors with respect to the real property description of the Reinvestment Zone as contained in the public notice and the posted agenda for the July 13, 2009 Commissioners' Court meeting, and the Resolution Designating the Reinvestment Zone dated July 13, 2009, and that this Resolution be issued nunc pro tunc and filed in the minutes of the Court effective July 13, 2009.

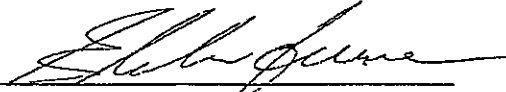
BE IT ORDERED BY THE COMMISSIONERS' COURT OF WILLACY COUNTY, TEXAS, AS FOLLOWS:

1. THAT by order of this Commissioners' Court dated July 13, 2009, the County previously designated certain property located in Willacy County as the Magic Valley Reinvestment Zone No. 1, under the Willacy County Tax Abatement Guidelines and Criteria, having determined that the designation will contribute to the retention and expansion of primary employment or will attract major investment in the zone that will benefit the zone and will contribute to the economic development of the County, and
2. THAT the County declare eligible for property tax abatement all eligible property for commercial-industrial development, now or thereafter located in that Reinvestment Zone as authorized by the Willacy County Tax Abatement Guidelines and Criteria in reinvestment zones and Chapter 312 of the Texas Tax Code; and
3. THAT the Commissioners' Court hereby ratifies, confirms and approves the Resolution Designating the Reinvestment Zone dated July 13, 2009; and
4. THAT the Commissioners' Court hereby ratifies and confirms the designation of property described in the Resolution Designating the Reinvestment Zone dated July 13, 2009, and also attached as Exhibit A to this Order, and does hereby further ratify and confirm that such Reinvestment Zone shall be called the "Magic Valley Reinvestment Zone No. 1."


Passed and approved at this public hearing of the Willacy County Commissioners' Court at which a quorum was present on the 10th day of August, 2009, as an amendment, ratification, confirmation, and order nunc pro tunc to that certain order of the Willacy County Commissioners' Court dated July 13, 2009, originally designating the Magic Valley Reinvestment Zone No. 1 as a Reinvestment Zone under Chapter 312 of the Texas Tax Code and pursuant to the Willacy County Tax Abatement Guidelines and Criteria.



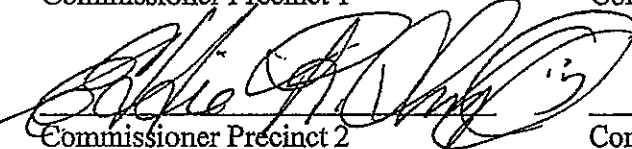
Presiding Officer of the Commissioners' Court




Commissioner Precinct 1



Commissioner Precinct 3



Commissioner Precinct 2



Commissioner Precinct 4

The foregoing Resolution is a true and correct copy of the actual Resolution passed by the Willacy County Commissioners' Court in open and regular session at the Willacy County Courthouse at _____.m. on the 10th day of August, 2009.



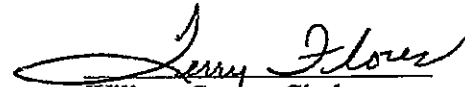

Willacy County Clerk
Willacy County, Texas

Exhibit A
Legal Description of Reinvestment Zone

Magic Valley Reinvestment Zone No. 1 to include the following property, as seen in the attached Exhibit:

The real property in Willacy County, being all of the Lots in the Withers Tract Subdivision; all of the Lots in Blocks 83, 82, 81, 80, 79, 78, 77, 76, 75, 74, 73, 72, 71, 70, 69, 68, 63, 62, 61, 60, 59, 58, 57, 56, 55, 54, 53, 52, 51, 50, 49, 48 of the Gulf Coast Irrigation Company's Subdivision; Lots 5, 6, 7, 8 of Block 67 of the Gulf Coast Irrigation Company's Subdivision; Lots 1, 2, 4, 5, 6, 7, 8, 13, 14 of Block 64 of the Gulf Coast Irrigation Company's Subdivision; Lots 1, 2, 7, 8, 9, 10, 16 of Block 47 of the Gulf Coast Irrigation Company's Subdivision; all of Lots in Hardin & Gill Subdivision out of Share #16; all of Lots in Hardin & Gill Subdivision out of Share #61; all of Lots in Hardin & Gill Subdivision out of Share #64; all of the Lots in Blocks 1, 2, 3, 4, of the E. F. Hubmer Subdivision; all of the Lots in Share #64; all of the Lots in Share #36; all of the Lots in the Sombrerito Ranch Subdivision out of Share #64; all of the Lots in Blocks 1, 2, 3, 4 of the E. H. Beise Subdivision; all of the Lots in Blocks 1, 2, 3, 4 of the Raymondville Subdivision; all of the Lots in the Engleman #1 Subdivision; all of the Lots in the Engleman #2 Subdivision; all of the Lots in the Nile Orchard Subdivision; and Lots 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14, 15, 16, 17, 18, 19, 20, 21, 22, 23, 24, 25, 26, 27, 28, 29, 30, 31, 32, 33, 34 of the Wetzel Subdivision.

EXHIBIT 2

LOCATION OF QUALIFIED PROPERTY

All Qualified Property owned by Applicant and located within the boundaries of both the Raymondville Independent School District and *Magic Valley Reinvestment Zone No. 1* will be included in and subject to this Agreement. Specifically, all Qualified Property of Applicant located in the following sections of land is included, to wit:

The real property in Willacy County, being all of the Lots in the Withers Tract Subdivision; all of the Lots in Blocks 83, 82, 81, 80, 79, 78, 77, 76, 75, 74, 73, 72, 71, 70, 69, 68, 63, 62, 61, 60, 59, 58, 57, 56, 55, 54, 53, 52, 51, 50, 49, 48 of the Gulf Coast Irrigation Company's Subdivision; Lots 5, 6, 7, 8 of Block 67 of the Gulf Coast Irrigation Company's Subdivision; Lots 1, 2, 4, 5, 6, 7, 8, 13, 14 of Block 64 of the Gulf Coast Irrigation Company's Subdivision; Lots 1, 2, 7, 8, 9, 10, 16 of Block 47 of the Gulf Coast Irrigation Company's Subdivision; all of Lots in Hardin & Gill Subdivision out of Share #16; all of Lots in Hardin & Gill Subdivision out of Share #61; all of Lots in Hardin & Gill Subdivision out of Share #64; all of the Lots in Blocks 1,2,3,4, of the E. F. Hubmer Subdivision; all of the Lots in Share #64; all of the Lots in Share #36; all of the Lots in the Sombrerito Ranch Subdivision out of Share #64; all of the Lots in Blocks 1, 2, 3, 4 of the E. H. Beise Subdivision; all of the Lots in Blocks 1, 2, 3, 4 of the Raymondville Subdivision; all of the Lots in the Engleman #1 Subdivision; all of the Lots in the Engleman #2 Subdivision; all of the Lots in the Nile Orchard Subdivision; and Lots 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14, 15, 16, 17, 18, 19, 20, 21, 22, 23, 24, 25, 26, 27, 28, 29, 30, 31, 32, 33, 34 of the Wetzel Subdivision.

EXHIBIT 3

DESCRIPTION OF THE APPLICANT'S QUALIFIED INVESTMENT

The proposed project will consist of a facility designed to use wind power to generate electricity (commonly referred to as a wind farm). The property will include, but is not limited to, the following: up to approximately 46 – 2.3 megawatt wind power turbine generators; or equivalent; a reinforced concrete slab supporting the weight of each turbine tower; equipment and towers used to gather meteorological data; buried and overhead electrical conductor cables (including poles) used to transport electricity from each turbine tower to an electrical substation; the electrical substation and electrical conductor cables used to transport electricity off of the project site; one or more buildings used to hold maintenance supplies, replacement parts, and related equipment; and various appurtenant equipment and small items related to the above. All of the property for which the Applicant is seeking a limitation on appraised value will be owned by the Applicant or a valid assignee pursuant to this Agreement. The facility will also require a relatively insubstantial amount of personal property.

San Perlita ISD - EC&R Development Tax Limitation Agreement

Findings of Fact

Attachment E

Agreement Year	School Year	Project Value without Limitation	Finding 8.m	Project Value with Limitation	Finding 8.n	Finding 8.o	Finding 8.q
			M&O Tax without Limitation		M&O Tax with Limitation	Foundation School Program	Total (Lost) or Gained Taxes
0	2009-10	\$0	\$0	\$0	\$0		
1	2010-11	\$0	\$0	\$0	\$0		
2	2011-12	\$0	\$0	\$0	\$0		
3	2012-13	\$101,560,000	\$1,056,224	\$10,000,000	\$104,000	(\$650,196)	-\$302,028
4	2013-14	\$97,500,000	\$1,014,000	\$10,000,000	\$104,000	(\$814,146)	-\$95,854
5	2014-15	\$93,600,000	\$973,440	\$10,000,000	\$104,000	(\$776,246)	-\$93,194
6	2015-16	\$89,860,000	\$934,544	\$10,000,000	\$104,000	(\$743,846)	-\$86,698
7	2016-17	\$86,260,000	\$897,104	\$10,000,000	\$104,000	(\$707,628)	-\$85,476
8	2017-18	\$82,810,000	\$861,224	\$10,000,000	\$104,000	(\$672,719)	-\$84,505
9	2018-19	\$79,500,000	\$826,800	\$10,000,000	\$104,000	(\$640,780)	-\$82,020
10	2019-20	\$76,320,000	\$793,728	\$10,000,000	\$104,000	(\$611,784)	-\$77,944
11	2020-21	\$73,270,000	\$762,008	\$73,270,000	\$762,008	(\$271,115)	\$271,115
12	2021-22	\$70,333,000	\$731,463	\$70,333,000	\$731,463	\$0	\$0
13	2022-23	\$67,520,000	\$702,208	\$67,520,000	\$702,208	\$0	\$0
14	2023-24	\$64,820,000	\$674,128	\$64,820,000	\$674,128	\$0	\$0
15	2024-25	\$62,230,000	\$647,192	\$62,230,000	\$647,192	\$0	\$0
TOTAL							-\$636,604